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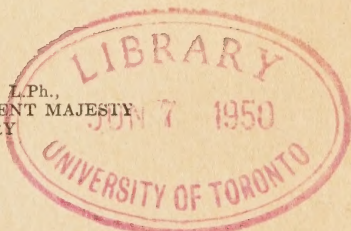












## STANDING COMMITTEE

on

### PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.,

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |   |   |
|-----------------------------------|---|---|
| Anderson                          | Fleming                                       | Maybank                                     |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Pinard                                      |
| Balcer                            | Fulford                                       | Prudham                                     |
| Beaudry                           | Fraser  | Richard ( <i>Gloucester</i> )               |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Richard ( <i>Ottawa East</i> )              |
| Blue                              | Hansell                                       | Riley                                       |
| Boisvert                          | Helme   | Robinson                                    |
| Boivin                            | Homuth  | Sinclair                                    |
| Brisson                           | Johnston                                      | Stewart ( <i>Winnipeg<br/>North</i> )       |
| Browne ( <i>St. John's West</i> ) | Kirk ( <i>Antigonish-<br/>Guysborough</i> )   | Thatcher                                    |
| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Thomas                                      |
| Cavers                            | Langlois ( <i>Gaspé</i> )                     | Warren                                      |
| Cleaver                           | Larson  | White ( <i>Hastings-<br/>Peterborough</i> ) |
| Cloutier                          | Macdonnell                                    | Winkler                                     |
| Cruikshank                        | Major   | Wright                                      |
| Denis                             |   |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

Clerk: A. L. Burgess



## MINUTES OF PROCEEDINGS

THURSDAY, May 25, 1950.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Vice-Chairman, Mr. David Croll, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Benidickson, Boisvert, Boivin, Brisson, Browne (*St. John's West*), Cauchon, Cavers, Cleaver, Cruickshank, Drew, Diefenbaker, Fulford, Fraser, Gauthier (*Portneuf*), Hansell, Helme, Kirk (*Digby-Yarmouth*), Major, Pinard, Prudham, Richard (*Ottawa East*), Riley, Sinclair, Thatcher, Warren, Winkler, Wright.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. R. B. Bryce, Assistant Deputy Minister of Finance.

The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Messrs. Sellar and Bryce were recalled.

Examination of the witnesses was concluded on paragraphs 35, 58, 59, 60, 63, 64, 68, 69, 70, 73, 79, 80 and 82 to 96 inclusive.

At 1 o'clock p.m. the Committee adjourned until Monday, May 29, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
THURSDAY, MAY 25, 1950

The Standing Committee on Public Accounts met this day at 11 a.m. The Vice-Chairman, Mr. David A. Croll, presided.

The VICE-CHAIRMAN: Gentlemen, we have a quorum.

We had hoped our witness today would be Mr. Marshall to reply to a question asked by Mr. Thatcher. Mr. Marshall needs further amplification and clarification of the question and he has been in touch with Mr. Thatcher and he is obtaining further information from him and so he will not be available to answer questions at the present time. When he is available we will call him on short notice. Is that satisfactory to Mr. Thatcher?

Mr. THATCHER: Yes, that is fine.

The VICE-CHAIRMAN: Now with regard to the report of the Auditor General, we have dealt with a third or perhaps a little better than that of the report. I will call the items still outstanding and try to clear them up. The first item that I am calling is item 35, "Revenues," which will be found on page 11 of the report.

### **Watson Sellar, Auditor General, recalled:**

*By Mr. Fraser:*

Q. Would there be any blocked currency included in the items you have indicated here?—A. A very small amount would be in the balance sheet under that heading, but it would not necessarily be in the revenue for that year, it might have been collected the year before. I am not sure on that.

Q. It might have been collected the year before?—A. Yes, it might have been. There is a blocked currency item in that. I am not sure whether they are in there. I will have to find that out for you, Mr. Fraser.

Q. Would you do that?—A. Yes.

*By Mr. Drew:*

Q. Just for purposes of clarification, would these totals of revenues received from other sources be limited to revenues in relation to those items covered by the public accounts?—A. It would be all revenues received by the Receiver General or deposited to the credit of the Receiver General. There might be certain items—I recall a very small one which I might use for purposes of illustration; let us say that you have a farmer who asked the Department of Agriculture to secure a pure bred sire and he would send in \$500. The money would be put in a special account and would not be treated as revenue. Is that the sort of thing you had in mind, sir?

Q. Yes. We have also mentioned certain properties—A. They would be moneys that were held for example by the War Assets Corporation which had not been paid over to the government as of that date, that would not necessarily be turned in in the year 1948/49. There is \$25,840,000 from the sale of surplus war assets.



Q. Yes.—A. And that comes under the heading "Special Revenue" do you see.

Q. And this \$119 million—A. That is for the previous year. The \$25,840,000 was from the sale of war assets. The previous year it was \$63 million.

Q. Just as a matter of detail so we can understand it, as Auditor General you audit the accounts of War Assets Corporation?—A. Yes sir.

Q. And that is embraced in the over-all audit?—A. Yes, it is a special audit required by the Act.

Mr. BROWNE: Does this revenue statement end as of the 31st of March or does it carry over?

The WITNESS: No, it ends with the 31st of March, there is a cut-off right then.

The VICE-CHAIRMAN: The next item is No. 58, on page 17, Payments to Public Employees.

Mr. DREW: Yes, Mr. Sellar that item deals with the Canadian Commercial Corporation, and as you point out there, that is the procurement agency for the Department of National Defence. You point out there that an examination of accounts discloses that it was usurping the functions of the Civil Service Commission by issuing "acceptance of tender" contracts. Has this situation been corrected?

The WITNESS: It has been discontinued, sir; the Treasury Board took action on the matter.

The VICE-CHAIRMAN: The next item is No. 59, under the same heading.

*By Mr. Fraser:*

Q. Under this International Joint Commission set-up Canada has to pay first the salaries and also all the expenses wherever they may travel, is that right?—A. Canada pays 50 per cent.

Q. Of all salaries and expenses?—A. Of the general expenses, and the full cost of the salaries and expenses of its commissioners; but the United States pays 50 per cent of the cost and the salaries and expenses of its commissioners.

Q. Where is the head office?—A. You mean for the Commission as a whole?

Q. Yes.—A. Well, it has no real head office. You have your Ottawa and your Washington offices which you might call the head office of the respective sections.

Q. Where would you write to if you wanted to reach them?—A. You would address your letter here to Ottawa.

*By Mr. Drew:*

Q. Where does the secretary have his office, the secretary you referred to in this item?—A. I am not sure of the building. It used to be the Victoria Building but I am not sure which building he is in now.

Q. But it is designated as an office belonging to the work of this Commission?—A. Oh, yes.

Q. And you have raised a question there as to the authority to advance salary to the secretary above the limit of \$4,000 provided by the Act itself?—A. Yes, sir.

Q. And you say that attention should be drawn to this matter. What do you suggest should be done in regard to that?—A. It would require an amendment to the Act, sir. May I quote from the Act, section 7—I will just give you the whole thing so you will have it:

Each of the said commissioners when appointed by His Majesty shall receive as compensation for his services an amount to be fixed by the

Governor in Council but in no case to exceed the sum of \$7,500 per annum. The secretary appointed by the Canadian section of the Commission under the provisions of the said Treaty shall receive in compensation for his services a sum not exceeding \$4,000 per annum.

My point is a specific limitation having been placed by parliament in that Act of \$4,000, strictly speaking the action in increasing the secretary's pay is not legal. I do not oppose the fairness of it.

Q. Quite. After all, Mr. Sellar, I assume that your function as Auditor General is not so much to test the fairness as to test the legality of any action?—A. That is right.

Q. And your point there is that unless there is an amendment of the Act, regardless of how desirable it may be, there is no authority to pay more than \$4,000?—A. Yes.

Q. And the only way that procedure could be legalized would be through an amendment to the Act; is that what you are suggesting here?—A. It is not my place to suggest it, but it seems to me that the Act should be amended. Also, they are finding it very difficult to keep within the \$3,000 under another section which provides that the expenses shall not exceed \$3,000 per annum for office accommodation including supplies. That Act was passed 40 years ago. I think that some time that the legislation should be looked at to give them a chance to turn around.

Q. Yes. Well, I would not expect Mr. Sellar to do more than call that to our attention, but I do think, Mr. Chairman, that in view of recent events in Manitoba having focused our attention on the functions of this Commission that we might well consider that suggestion as an appropriate subject for recommendation at such time as we present either our interim or final report. So far as you know is the limitation in regard to the payment of \$7,500 to the Commission being upheld?—A. Yes, sir.

Q. So that the only item then which calls for an amendment to legalize what has already taken place is an amendment in regard to the limit on the salary of the secretary?—A. Yes.

Q. But you do make the suggestion that having regard to the fact that this Act was introduced 40 years ago that under present conditions there should be a general review of the Act?—A. I would go so far as to say that that item should be made an estimate item, that it be treated as an ordinary item in the estimates in the same way as is done in connection with the Pacific Halibut Treaty where you have the salaries voted by estimates.

The VICE-CHAIRMAN: While we are on this point raised by Mr. Sellar we might ask Mr. Bryce whether he can throw any light upon section 59. Mr. Bryce, can you be of assistance to us there?

Mr. BRYCE: I checked up this particular item which has just been mentioned and I think this salary rate has been approved by the Treasury Board. It was approved as far back as 1937 and went into effect at that time. The action to which the Auditor General refers here was simply a promotion of someone into that position which had existed for some 12 years.

Mr. DREW: The point that I am concerned about is not so much the amount involved, because it would appear to me that that is entirely reasonable; it is more the fact that it has been regarded as necessary to pay an amount in excess of the amount authorized by the Act for the past 13 years. That suggests to me the necessity for a review of this Act in regard to details of that kind at a time when it is clear that we are all going, I should think, to expect very much wider activities on the part of this Commission in the light of recent events.

*By Mr. Browne:*

Q. I wonder, Mr. Chairman, if the witness could tell us when this Act was passed?—A. 1918, sir.

Q. Have you the section under which the payment was authorized?—A. You mean, of the Civil Service Act?

Q. Yes.—A. No.

Q. What would be the section of the special Act involved?—A. May I explain it to you this way, sir; the Civil Service Commission has been in doubt for some considerable time as to the general powers given to it by the Civil Service Act with respect to legislation antedating the Civil Service Act; that is, whether the Civil Service Act overrides the provisions of these earlier Acts. Now, in this case under discussion about the increase in the salary of the secretary, as Mr. Bryce quite properly pointed out, was made quite a number of years ago; and at that time a big inquiry was in connection with the Trail Smelters and there was a very large expenditure incurred by the Commission in those years and that was covered by special votes and at that time the salary was increased. In the course of time the then secretary retired and his successor has been appointed, and that is why it came before us that year.

The VICE-CHAIRMAN: Section 60, also under the same heading:

*By Mr. Fraser:*

Q. This is the item which deals with payment in cash or kind for services. Am I correct in assuming that that would be additional to their salaries? Could you give us the figures on that?—A. Yes sir, that would be in addition to their salaries. We have no figures for that.

Q. No figures for that?—A. No, because they were given that as a gratuity in kind.

Mr. THATCHER: Has that practice been continued?

The VICE-CHAIRMAN: Mr. Bryce, have you any information on that in reply to Mr. Thatcher's question?

Mr. BRYCE: The amount involved will be only a few hundred dollars for each employee, constituting benefits received in kind.

Mr. FRASER: Mr. Sellar, do you feel that that practice should be discontinued?

The VICE-CHAIRMAN: He didn't say that. He didn't express any opinion, he merely called it to the attention of the committee.

Mr. FRASER: I know.

The VICE-CHAIRMAN: And he should not be asked to express his opinion here. That is not his function. His function is merely to bring it to the attention of the committee.

Mr. BROWNE: I suggest, Mr. Chairman, that you leave that to Mr. Sellar.

The VICE-CHAIRMAN: Don't tell me how I should carry on from the chair.

Mr. BROWNE: You are suggesting what he ought to say.

The VICE-CHAIRMAN: I am not suggesting what he ought to say at all, I am trying to point out that he is not here to give opinions. Let us get that straight now.

Mr. DREW: Let us not pass from that. Mr. Sellar is the one man who is answerable not to the government but to parliament, and as I understand it he is in a position to give opinion evidence in regard to the propriety of any item or in regard to the propriety of following a certain course. I would not want the record to be left in the position that we could not ask Mr. Sellar's opinion in regard to what he thinks should be done or should not be done because he is the one man who has the right to exercise that opinion. He is not under the limitations which another man might be under because of his classification as a



departmental official; he is not in any way barred from expressing opinions with regard to any matters properly before us as would be the case with the ordinary civil servant.

The VICE-CHAIRMAN: He is a civil servant in the same sense as other civil servants are. He is bound by the same rules. His duty is to criticize, point out, correct, and bring to the attention of the government certain practices and in that respect he does it, but he is not to give opinions as to the propriety or impropriety of the various actions.

Mr. DREW: Mr. Chairman, let us take exactly what we were discussing a few minutes ago. Mr. Sellar, just a few minutes ago when commenting that he was not following a perfectly correct course said, in his opinion the International Boundary Waters Act should be reviewed. He was definitely expressing his opinion, and that is the kind of opinion we want from the man who is examining all the accounts and procedures. I think it is his opinion that that will be useful to us. He has stated facts with regard to his findings; now, we want his opinion in regard to those facts.

The VICE-CHAIRMAN: He did say that with regard to the International Boundary Waters Act; I did not stop him, but perhaps I should have. However, let us get on.

*By Mr. Fraser:*

Q. My question has reference to the value of these advantages they get in the way of housing and fuel and so forth. What would be Mr. Sellar's opinion as to the solution for this? What should be done in this case? That is what we are here for, that is what we want to find out; what should be done.—A. The answer is, sir, that provision is made by section 17 of the Civil Service Act for the Civil Service Commission evaluating such things and prohibiting any payment which has not been carried out in accordance with section 17. All that we have been suggesting is that the department make an application to the Civil Service Commission which will examine it and, as the Civil Service Act provides, make such recommendation to the Governor in Council as it sees fit. The Department of Mines and Resources some time ago promised to do so.

Q. Have they done so?—A. I do not know.

*By Mr. Browne:*

Q. Does not the same situation arise in regard to your survey parties?—A. No, sir.

Q. How do you make out there? Do you give an allowance of so much per day charged against them?—A. No, the survey parties are composed of regular employees of the government; they are paid their salaries and expenses, and the salaries and expenses of any field men they may hire. They are paid out of a vote.

Q. But there is no vote for this?—A. It would be incorporated in the salary.

Mr. THATCHER: Could I ask Mr. Bryce, now that this has been drawn to our attention by the Auditor General, whether this practice has been discontinued?

Mr. BRYCE: Well, sir, I am informed this morning that there were five employees involved in this case, that the department had come across this thing in going over their practices two or three years ago when they were tidying things up after the war. At that time the Civil Service Commission was extremely busy on salary revision cases and to put these in legal form required

reviewing the situation of these employees and to make sufficient adjustment in salaries to make it fair to deduct the value of housing, fuel and light from salary.

Mr. THATCHER: So it has not been changed as yet?

Mr. BRYCE: It has now. Since the time of the audit this has been reviewed, the Civil Service Commission has revised the salaries, and I am informed that the value of housing, lights and fuel is now being deducted from the revised salary.

Mr. FRASER: And may I ask a question there? Salaries were raised to begin with, before the deductions?

Mr. BRYCE: I am informed the salaries in the case of employees like those reflected the fact that they were getting the free services, but as the Auditor General points out the appropriate thing would be either to have a note on the salary clause authorizing them to receive these benefits in kind in addition, or to deduct the corresponding value from salaries, and I understand the latter practice has now been put into effect.

The VICE-CHAIRMAN: Shall the item carry?

Carried.

Now, paragraphs 63 and 64.

*By Mr. Drew:*

Q. Has any step been taken to carry out the recommendation in 63, Mr. Sellar?—A. I have no knowledge, sir.

Q. That recommendation is one that a body answerable to parliament rather than an officer of the National Research Council should be called upon to approve these intergovernmental payments in connection with the activities of the Atomic Energy Control Board. What type of approval have you in mind in that recommendation?—A. They should be approved in my opinion on the ministerial level.

Mr. CRUICKSHANK: And apparently, now, Ontario as usual is going to hog matters in getting grants.

Mr. FRASER: I do not think you are right in saying that.

Mr. CRUICKSHANK: It says it there. We do not get it in the Fraser Valley Camp roads.

The VICE-CHAIRMAN: I see we are going further afield now, but we are not going to get in to floods at all.

Mr. FRASER: I am not going to have our people called hogs in regard to grants.

*By Mr. Drew:*

Q. As I understand, Mr. Sellar, these are payments that are made in connection with the operation of the plant, and the point in this is that the arrangements that are made for any special construction relating to these operations should be approved at the governmental level and not made independently by a Research Council officer?—A. When it affects relations with another government.

Q. Has that situation been corrected yet?

The VICE-CHAIRMAN: Mr. Bryce, have you anything to add to that?

Mr. BRYCE: That has been done. The Treasury Board considered this matter, I think a year ago, and they have approved an arrangement in respect to these buses. I am sorry I did not bring the details with me so I cannot tell you just what it is.

The VICE-CHAIRMAN: Paragraph 64.

*By Mr. Fraser:*

Q. Will Mr. Sellar just explain exactly what he means by paragraph 64?—A. Purely for information, sir, it does not appear in any other place.

Q. These are moneys that were taken in—like a revolving fund, is it not?—A. You may call it a revolving fund but it is money received for special purposes, for special investigations and so on which, by their Act, they are entitled to take and spend. If that provision were not in the Act they would have to be deposited to the credit of the Consolidated Revenue Fund. You will find it in no other documents so we put it out in there for convenience of record.

Q. And this is the only place this statement is shown; it is not shown in any other place?—A. To the best of my knowledge, no.

Q. Then there is no record of expenditures for coal, light, wood and electricity?—A. Oh, yes; oh, yes. You mean other than those, no.

Q. This is the only place they are shown?—A. It would be shown in the cumulative expenditure figures for the Atomic Energy Control Board. However, I think I would like to verify that.

Q. Will you do that?—A. Yes.

Q. I mean their disbursements out of that. See if you can get a breakdown of that item.

The VICE-CHAIRMAN: Now we are on paragraphs 68 and 69. We will take 68 first.

Carried.

69.

Carried.

70.

Mr. THATCHER: I would like an explanation of that paragraph 70, Mr. Chairman. I wonder why this building was erected on rented land when there was a lease for only one year eight months.

The VICE-CHAIRMAN: What is your question again, Mr. Thatcher?

*By Mr. Thatcher:*

Q. I am just wondering why the government would put up this building on rented land with a lease of only one year and eight months. It seems so silly on the surface there must be some reason for it.—A. The reason, sir, is this: the laboratory people were urgently in need of space, and they have been occupying this building for over twenty years on renewals of lease and they assume they will get another renewal. You will also find in the estimates that there is provision made for construction of a new building for the department, to which this laboratory will ultimately be transferred some years from now.

Q. I see. This building had been built for some time?—A. No, no. The main building has been there for a great many years and that is the building we have rented. Then there is vacant land in connection with the building and it is on that vacant land that they have constructed this temporary building.

*By Mr. Drew:*

Q. You say there is a building on that land; has that building been used for some particular purposes?—A. Yes, sir, it has been used by the forestry laboratories entirely. It is a brick building.

The VICE-CHAIRMAN: Paragraph 71.



*By Mr. Thatcher:*

Q. On paragraph 71, Mr. Chairman, I wonder if Mr. Sellar would explain whether he means here that the government was defrauded out of this \$14,470 by a contractor. Is that what you mean by that, Mr. Sellar?—A. I certainly would not use the word “defrauded”.

Q. What is the significance of that?—A. The significance of that is this, sir: the agreement provided that the government would reimburse the contractor for the actual cost of the trucks up to a certain amount, and in this instance the contractor was able to secure trucks at a few cents an hour less. As a result there was an overpayment to the contractor. Now, then, the department's explanation of what happened is this: in connection with another road contract where a like provision had been in the contract and where the contractor had been able to get trucks at a little less, the question was raised as to whether he was entitled to the full round figure or not. It was there decided, after investigation by the Treasury cost accountants, that he was entitled to any variance to the amount because he was servicing the trucks and doing various things which represented difference in cost. In this case it was pointed out afterwards that this contractor had not provided the same amount of servicing. On the other hand, I am told by the department that this contractor has taken quite a whipping on unexpected taxes that he has had to pay to the province of Alberta and therefore he thinks he is just getting his money back.

Q. I think this is a significant point, as a matter of general policy. As I understand it, this trucker was given a contract on the basis of cost plus a fixed fee?—A. Yes, with unit prices fixed in the contract for certain work.

Q. Does he then take his costs plus his fixed fee, and then \$14,470?

The VICE-CHAIRMAN: Just one minute. Set the whole facts out. He had a contract which provided for the rental of trucks at \$3 per hour. He was able to procure them at \$2.75 per hour.

Mr. THATCHER: Yes, Mr. Chairman, that is true, but he was given this on the basis of cost plus a fee, and in addition to that he was able to make this saving of \$14,470 which he kept, and, as I read it, he would not be entitled to keep it, and I think Mr. Sellar verified that, did he not?

The VICE-CHAIRMAN: Will you repeat what you said, Mr. Sellar?

The WITNESS: I said this contractor, unlike the contractor on the other job, did not have to provide all of the service representing the difference of 25 cents per hour, but he was paid that. Now I would not say it was the full amount, I think there was a fraction involved, and in turn the contractor had to pay out for unexpected billings he did not know of. Might I say, Mr. Chairman, in fairness to the department concerned that they would like, if this matter is regarded as important by the committee, to appear and state their side.

*By Mr. Thatcher:*

Q. Just a minute. Are all government roads still built in that manner, on the basis of cost plus a fixed fee? In parks where the federal government has control is that a standard practice?—A. I cannot answer that, sir, you would have to ask the Treasury about that.

Q. Could Mr. Bryce answer it?

Mr. BRYCE: The answer is that it is not standard practice; it is done in some cases, but not all.

Mr. THATCHER: It says “in recent years various contracts have been made on the basis of cost plus a fixed fee.” Does that mean to say that is not so now?

Mr. BRYCE: It is becoming less so.

*By Mr. Thatcher:*

Q. Are tenders not called for constructing these roads? Do you examine these, Mr. Sellar? Do you see these tenders that come in?—A. We have the right of access to all files, but we depend to a great extent on the Treasury Cost accounting section. They station men on all large jobs and we are provided with copies of their reports. We make such supplementary examinations of the files as we consider necessary but we do not duplicate their work, it being an unnecessary expense on the taxpayer.

Q. Could you give me the name of the firm that was involved in this particular job?—A. Western Construction and Lumber Company.

*By Mr. Diefenbaker:*

Q. They have had other contracts since?—A. I could not tell you.

Q. Have they not contracts at the present time in connection with road construction in parks?

The VICE-CHAIRMAN: Let us get on, gentlemen. The answer was, Western Construction and Lumber Company.

Mr. THATCHER: I am interested in the question, too, in view of the fact that they took \$14,470 more than this contract calls for, more than they should have taken.

The VICE-CHAIRMAN: As appears that they should have taken. As it appears.

Mr. THATCHER: Have they been asked to refund that money in any way or not?

The VICE-CHAIRMAN: One minute, Mr. Sellar. If there is any question with respect to that item the department concerned wants an opportunity to come before this committee to explain it, and they are the people who ought to make any explanations.

Mr. THATCHER: I would certainly like to have them.

The VICE-CHAIRMAN: I am prepared to have them come then.

Mr. PRUDHAM: There is nothing wrong there. I could give the explanation but it is not my place to do so. I suggest the matter be put over until the officials concerned are called.

The VICE-CHAIRMAN: Paragraph 72.

*By Mr. Drew:*

Q. In the case of item 72, this refers to the architect's fee in connection with the preparation of plans for a school at Teslin in the Yukon Territory. The cost was estimated at \$460,000 and the architect was paid \$13,800, being 75 per cent of the total fee. After the plans were drafted it was decided that a school costing \$300,000 would meet the current requirements and new plans were prepared. For this the architect was paid \$7,200 on account. As I read this, that would mean that the architect was actually paid \$13,800 on the first plans calling for a \$460,000 school, is that right?—A. Yes.

Q. And then in addition to that he received \$7,200 in connection with the plans for a similar school?—A. Yes.

Q. So that the architect received \$21,000 although no construction was proceeded with during that year?—A. That is a fact. The building, of course, has been started since.

Q. Under the later plans?—A. Under the later plans. The site was changed from there to near Dawson Creek and the building is now being proceeded with.

Q. Under which department?

The VICE-CHAIRMAN: Mines and Resources Department, it must be.

The WITNESS: Mines and Resources Department at that time. I do not know what the department is today. Oh, yes, Citizenship and Immigration.

Mr. DREW: What was the department at the time?

The WITNESS: Mines and Resources Department at the time, sir.

Mr. THATCHER: Has the Public Works Department not got its own architects?

The VICE-CHAIRMAN: This is not Public Works, this is the Mines and Resources Department.

Mr. THATCHER: Well, the Department of Mines and Resources, no matter which department.

The VICE-CHAIRMAN: They do not carry a staff of architects; they have some architects there, but they do not carry a staff. These contracts are always given by outside competition to architects.

Mr. THATCHER: The government has certain architects, I am sure of that.

The VICE-CHAIRMAN: Yes, some.

Mr. THATCHER: Why would not our own architects lay out those buildings, and what do they do if they do not do that?

The VICE-CHAIRMAN: They are quite busy working on whatever they have to do but they do not carry a specialized staff for this purpose. I will not argue about it; we can find out from the minister.

*By Mr. Drew:*

Q. The statement was made, Mr. Sellar, that there is outside competition in regard to architects. Was there any competition in this case or was this architect engaged without competition?—A. I did not say there was outside competition.

Q. No, you did not say it, no.—A. During the war years and since the war years, in fact, going back into the 1930's, outside architects have been retained periodically by the government for the construction of buildings on the basis of the usual fee that an architect gets.

Mr. THATCHER: What is that fee?

The WITNESS: Five per cent is the usual fee, and they select the architect from the men who specialize in that line of work.

The VICE-CHAIRMAN: What year was this?

The WITNESS: 1948-49.

*By Mr. Thatcher:*

Q. The usual fee is five per cent? Does that not include supervision of the work?—A. Oh, yes, this architect has been paid, and he will ultimately have to supervise the job.

Q. Is it not indicated from this figure that this architect was paid \$21,000 on a building estimated to cost \$300,000; that means about seven per cent as the architect's fee, and on a job on which he has done no supervision to date?

The VICE-CHAIRMAN: Of course, and the building is under construction now.

Mr. THATCHER: Only this has not been constructed; but under construction work supervision, under this heading, he has been given \$21,000.

Mr. FULFORD: There was an entirely new set of plans.

The VICE-CHAIRMAN: Just a moment, gentlemen.

Mr. DIEFENBAKER: Who is this architect?

The VICE-CHAIRMAN: Is it important?

Mr. FRASER: He is a well-known Ottawa architect.



Mr. DIEFENBAKER: Who is he? Surely he would not be ashamed to have his name given?

The VICE-CHAIRMAN: I am not ashamed to have it given either.

The WITNESS: I am not quite sure how you pronounce the name so I shall spell it: N-o-f-f-k-e.

Mr. BROWN: I wonder if Mr. Sellar can give us any explanation about the first set of plans being abandoned, because I think there must have been insufficient consideration given to this school in the first place?

The VICE-CHAIRMAN: Or desire for a saving of \$160,000.

*By Mr. Brown:*

Q. Has he any explanation to give as to the abandonment of the plans?—A. No, sir, but if you are calling an officer of the department in connection with the previous item, as this comes under the same branch it can be also dealt with then. One of the big problems I know was, after the drafting of the plans, that the location being so remote the cost of getting materials to the site and getting labour there was one of the reasons why they had to modify the plans, pick a smaller school, and ultimately to move the school nearer to Dawson Creek.

Q. Would they not have known that first?—A. You would have to ask the department.

The VICE-CHAIRMAN: Let us get on.

*By Mr. Thatcher:*

Q. I am not satisfied yet. Mr. Sellar has said that five per cent is the regular architects fee and he said that it included supervision. As I understand it, the government has paid this man 7 per cent before the construction actually started. I would like to know if there was some special reason for it or is that common with respect to public building?—A. I said I thought it was 5 per cent, and I think it is 5 per cent, but the 5 per cent is apart from certain out-of-pocket expenses that are added on.

Q. Has this man finished now or is he supervising this? Is he going to be putting in further bills?—A. I understand that he is supervising the building under construction.

Q. He has been paid in advance but yet he will put in additional bills?—A. Agreements with these architects generally call for payment of a certain sum when the plans and specifications are prepared and delivered. Then they are required to perform certain services, and then, when the job is done, they get the balance owing.

Q. He will have an additional amount coming?

The VICE-CHAIRMAN: Of course he will.

Mr. THATCHER: Then there is something wrong.

The VICE-CHAIRMAN: Nothing at all.

Mr. THATCHER: They get 5 per cent over-all and that includes supervision but you are telling me that this fellow is getting 7 per cent—

The VICE-CHAIRMAN: He has not got it yet.

Mr. THATCHER: \$21,000.

The VICE-CHAIRMAN: He got paid for plans that were abandoned. Now put the question correctly. I think we have a right to expect arithmetic from you.

Mr. THATCHER: This man got \$21,000.

The VICE-CHAIRMAN: Put the question properly. This man was asked to draw plans for a building costing \$460,000. After the plans were drawn and the

work was done on them, the project was abandoned. He was entitled to be paid something for his work and he was paid three-quarters of the original contract. Then they decided to put up a new building which was to cost \$300,000—by the way, a saving of \$160,000—

Mr. DREW: You do not know whether there was a saving.

The VICE-CHAIRMAN: At least it appears that way. They required new plans and he made a new contract with them at approximately, let us assume, the same fee—5 per cent or whatever it was; and some money was advanced to him when the plans were completed and construction started—which is the ordinary practice. Why the building was abandoned is a matter we will get from the officials of the department, if the committee so desires.

Mr. DIEFENBAKER: Have you knowledge on this subject.

The VICE-CHAIRMAN: I am merely reading vote 72 which is sufficient for me to know what went on.

Mr. FRASER: With your own interpretation.

Mr. DIEFENBAKER: You are giving the evidence.

The VICE-CHAIRMAN: I am quite prepared to have someone from the department here.

Mr. WRIGHT: Is it customary for architects to be paid 75 per cent of the total fee before any supervision work is done? Is that customary? That is what is done here? 75 per cent of the total fee was paid here.

The VICE-CHAIRMAN: Can you answer that?

The WITNESS: I cannot answer it sir; I have not got the figure.

The VICE-CHAIRMAN: Then shall the paragraph stand, and shall we have someone from the department?

Mr. DREW: Let me just raise another point of general interest. Just say so, if you are not in a position to answer the question, but I am interested in whether there has been any discussion, to your knowledge, of the wisdom or otherwise of separate departments dealing with construction of this kind, instead of having it all under the Department of Public Works?

The WITNESS: I have never heard the subject discussed sir.

The VICE-CHAIRMAN: Let us get on.

Mr. THATCHER: No, I am sorry; in Saskatchewan I happen to know that the federal government keeps several architects whose job it is to lay out plans for these federal buildings. Now I assume the same situation prevails in other provinces—

The VICE-CHAIRMAN: Just ask the question. Ask the witness if he knows whether it prevails in other provinces?

*By Mr. Thatcher:*

Q. All right?—A. In each province the Department of Public Works have resident architects, and resident engineers, to supervise their particular projects and buildings. They do not deal with projects of other departments.

Q. What is the point of the federal government having their own architects and paying them fairly substantial salaries, if they are not going to do this type of work?—A. You have got to bear in mind, sir, that the architects you are talking about in Saskatchewan are those of the Department of Public Works and, I assume, they are in the office in Saskatoon?

Q. Yes?—A. That is the Department of Public Works. The man there has responsibility with regard to projects and expenditures of the Department of Public Works; he has no responsibility for the expenditures of other departments, unless the Department of Public Works is asked to act as agent for another department.

Q. Well, he might not now, but would it not be sensible to have these men in one department used for works in other departments? What would prevent the country from making a saving in that way?

The VICE-CHAIRMAN: The fact they are very busy and overloaded now.

Mr. WRIGHT: How do you know that?

The VICE-CHAIRMAN: Perhaps they are not busy in Saskatchewan but they are in Ontario; very busy and very shorthanded.

Mr. THATCHER: They are keeping an organization in one province which is doing nothing, and working for one department only.

Mr. FRASER: Mr. Chairman, I wonder if Mr. Sellar could tell us whether the Department of Public Works make their own sketch plans first, and then hand them to the outside architect? If so, what does the outside architect get in the way of a fee? Mr. Bryce looks as though he might be able to answer.

The WITNESS: I cannot.

The VICE-CHAIRMAN: Mr. Bryce thinks he can answer.

Mr. FRASER: Is the outside architect given a set fee for his work? And does the outside architect who is engaged on this public building supervise construction of the building? Or does the public works architect do that supervision?

Mr. BRYCE: Well, sir, I cannot answer all the details of that question but, from having been concerned with the authorizing of the staff of architects, I know in general it has not been government practice to have sufficient architects on its own staff to handle all peak loads or all detailed work. I believe it is the practice of the Department of Public Works to have sketch plans prepared by their own architects and frequently they have the detailed plans prepared by outside architects on a fee basis. Who does the supervision in that case, I cannot tell you.

Mr. FRASER: Can you tell us what the fee basis is in that case—when the Department of Public Works makes the sketch plans?

Mr. BRYCE: I am sorry, I cannot tell you.

The VICE-CHAIRMAN: When we have somebody here on votes 71 and 72 that will be an appropriate question.

Mr. FRASER: But this is not public works?

The VICE-CHAIRMAN: We are bound to have the deputy minister.

Mr. DIEFENBAKER: Perhaps the answer to this cannot be given here at this time—I doubt whether the Chairman will be able to give it?

The VICE-CHAIRMAN: I will try.

Mr. DIEFENBAKER: I would like to know the total amount paid for architects during the year 1948-49—those are architects who were not connected with any department of the government?

The VICE-CHAIRMAN: For the fiscal year?

Mr. DIEFENBAKER: Yes.

The VICE-CHAIRMAN: Would you not get a quick answer to that on the order paper?

Mr. DIEFENBAKER: I find that the order paper buries answers for months.

The VICE-CHAIRMAN: I suppose the same people will have to get the answer anyway.

We will see if we can get that for you. Now we are on 73—Emergency Gold Mining Assistance Act.

Mr. THATCHER: I wonder if Mr. Bryce can tell us whether these amounts have been repaid?

The VICE-CHAIRMAN: Direct your question to Mr. Sellar. Mr. Bryce is only here to help clear things up.



Mr. THATCHER: Have the two overpayments been paid back to the Treasury?

The WITNESS: I do not know, sir, I did not check.

The VICE-CHAIRMAN: Do you feel that it is important?

Mr. THATCHER: It is \$12,000 odd.

The VICE-CHAIRMAN: Do you want to get the answer?

Mr. THATCHER: I would like to make certain that it has been paid back.

Mr. BRYCE: The question is whether the overpayments of \$9,000 odd and \$3,000 odd have been repaid.

The VICE-CHAIRMAN: No. 79, under National Film Board.

Mr. FRASER: Has Mr. Sellar anything to say regarding this?

The WITNESS: No, sir. This is an item we discussed in a general way when we were dealing with the rental item, in connection with the National Film Board. It is merely the handling of \$35,000. We think it should have been handled in one way, and the department handled it in another. It is not a serious matter.

Mr. FRASER: They reduced their overhead in that department from 10 per cent to 5 per cent?

The WITNESS: Yes, sir. I think that was mentioned in paragraph 37.

Mr. FRASER: Yes, but I asked at that time, and I would like to ask again, how they could reduce their overhead when they do not know what their overhead is? I say that, owing to the fact that all public buildings they use are paid for by public works. I think they have twelve here in Ottawa and they have them in other places throughout the country. The board is in direct competition with commercial firms, and they do not pay any income tax or anything of that nature. I do not think it is fair to the public or to the commercial firms—

The VICE-CHAIRMAN: Direct a question to the witness. We know your views on the Film Board; and there is no purpose in any of us expressing our views.

Mr. FRASER: My view in regard to the Film Board—

The VICE-CHAIRMAN: We know your views.

Mr. FRASER: My question is how can they say they reduced their overhead 5 per cent when they do not know what their overhead is.

The VICE-CHAIRMAN: Where does it say that?

Mr. FRASER: It did in the other item?

The VICE-CHAIRMAN: I know, but we are on item 79.

Mr. FRASER: It would be in this?

The VICE-CHAIRMAN: I do not see anything here.

Mr. FRASER: They have \$35,000 here and if they reduced their overhead it would all come within this?

The VICE-CHAIRMAN: It says "These amounts represent purchases of equipment, materials and supplies issued from the main stores, production costs, distribution costs and miscellaneous goods and services, totalling \$35,000." The answer as I recall it was that the department thought it should be dealt with one way and Mr. Sellar thought it should be dealt with in another. There is a difference of opinion.

Mr. FRASER: Yes, I know, but in this there are distribution costs—

The VICE-CHAIRMAN: So what?

Mr. FRASER: That takes in overhead.

The VICE-CHAIRMAN: What is your question?

Mr. FRASER: I want to know how they come by their overhead?

The VICE-CHAIRMAN: Do you know, Mr. Sellar?

The WITNESS: No, sir, but I would say this. Their overhead is mainly in connection with contracts performed for other government departments. You referred to rental of buildings, but other departments occupy buildings without paying rent. Therefore, in this thing, you have to bear in mind that when you are dealing inside the government there cannot be absolute accuracy in calculating over-all costs of anything. It is attempted in some countries with very limited success.

*By Mr. Fraser:*

Q. Yes; well, now, Mr. Chairman, that is within the department?—A. Within the department.

Q. Yes, but on top of that the National Film Board sells the right or gives the right to Canada Carries On, and other serials, to commercial companies. Now they must figure their overhead?

The VICE-CHAIRMAN: Can you answer that question?

The WITNESS: No, sir.

The VICE-CHAIRMAN: He cannot answer.

Mr. FRASER: I have been after that for a long while—

The VICE-CHAIRMAN: Vote 80.

Mr. FRASER: —and I am up against a brick wall.

The VICE-CHAIRMAN: Well, we cannot help that sometimes.

Mr. DIEFENBAKER: What control is there over expenditures for meals and the like? I have not had a chance yet to look into the returns that have been brought down but I was just looking at one here; and a man who is travelling has a meal or dinner—\$10.30.

The VICE-CHAIRMAN: He had company, probably.

Mr. DIEFENBAKER: Dinner, \$6.40, and so on.

Mr. CRUICKSHANK: What do you mean by “and so on?”

Mr. DIEFENBAKER: I could give you larger ones but I just want to know what control there is on these expenditures. This one is from the Department of External Affairs. No one wants to keep these men down to a starvation—

Mr. CAUCHON: —diet.

Mr. DIEFENBAKER: —level. I just wonder though, what control there is over expenditures like that?—A. Generally speaking, sir, the department concerned have the responsibility as to the reasonableness of expenses.

Q. I see.—A. That is their responsibility under the travelling expenses regulations.

Q. That is, the department is responsible for that?—A. Yes, and then each department in turn defines the standard of travel for its own staff; for example, one department may have men who are travelling in cities and have to stay at the big hotels and they will allow them a more generous allowance than would be the case in another department where its men would be spending most of their time in small villages. And, secondly, travel expense regulations provide that there may be official entertaining included in travelling expense accounts when it is necessary, for the purposes of business, to have some person with you for lunch or for dinner, but the name of that individual must be given.

Q. That is given in the case of this expense account.—A. And that account must be certified by the deputy or somebody authorized by him.

Q. And I see that was done in this case.—A. There are those three controls.

Q. Here we have the case of a prominent officer and his wife who spent the Christmas holidays in Ottawa and the room charge for both is \$36 per day. I am just wondering how that came about. You say an entertainment allowance is made but that the names must be given. And I find an item here, January 1,

1949, restaurant \$27.20 and dinners—I was just wondering how that was approved?—A. I am giving you the general practice. I never claimed that everything is perfect every time everywhere. What I am trying to do is to give you the general practice. In one department that I call to mind they limit the maximum that can be spent on meals; for instance, for a long time it was \$4.50 per day. The departments control that, they check all accounts submitted.

Q. But this is in the City of Ottawa.—A. You have an entirely different situation there.

Mr. THATCHER: Things like that, it seems to me, are disgraceful however, what item are we on now?

The VICE-CHAIRMAN: Just one minute. We are on item 80. Mr. Thatcher does not know enough about that expense account to call it disgraceful. He does not know anything about it at all. They may have taken out the personal part and they may not have taken it out.

Mr. BROWNE: Who is giving evidence now, Mr. Chairman?

The VICE-CHAIRMAN: I am not. A statement such as that, that it is excessive, that it is disgraceful, is something that ought not to be made about a public servant's expense account particularly where his name has been mentioned.

We are on item 80, let's deal with that.

Mr. THATCHER: All right, but getting down to this point. The witness has told us that there are 2,000 or 3,000 civil servants travelling every week. If they are free to turn in expense accounts like that it points the necessity for this committee getting a standard form for these civil servants to use irrespective of what work they are doing—

The VICE-CHAIRMAN: Shall we get back on to this item 80?

*By Mr. Diefenbaker:*

Q. Coming back to item 80, you mentioned something a while ago about these expense accounts. May I ask you this; how do we get questions we have on the order paper answered? If I were to ask such a question as I have asked here this morning through the order paper I would get an answer to it. I have been trying since the 24th of April to get an answer about travelling expenses, and I understand that Mr. Fraser has been waiting for an order for a return which he put on the 18th of April but so far no replies have been brought down. That is why I have to ask for the information here where we have the witness before us. When I see expenses such as these—these expenses run there from \$3,700 to \$5,800—I think it is only natural to inquire as to what the regular method is, and the Auditor General says there is no definite formula, but there is one departmental formula of \$4.50 per day for meals.—A. Yes, but that may have been raised lately. The formula still applies but that \$4.50 might be up; of course, with prices what they are today that is not enough.

Q. It is not enough, as you say. I am not asking about that, I am asking you about controls. There must be some formula. One sees a bill here for a visit to Ottawa for 12 days, this man spends a few days in Ottawa and then goes back to his official post and takes his wife back and there is a reference on this bill to the effect that her expenses will be paid—that is, her travelling expenses—in order to join him and take formal leave of the foreign government concerned. That is fine, but this man comes here for a couple of weeks and his expenses are very high. I was just wondering how they were paid.

The VICE-CHAIRMAN: Now, let's get on with this item. You asked for the expense accounts and Mr. Diefenbaker, I got them for you.

Mr. DIEFENBAKER: You did.

The VICE-CHAIRMAN: As quickly as possible.

Mr. DIEFENBAKER: You did.



The VICE-CHAIRMAN: And they were turned over to you. I do not like to argue with you about it and I would not even attempt to lecture you because you are too old a politician for that; but here you have the accounts before you. There may have been some good reason, there might not be, but I was sorry to see that name come out.

Mr. DIEFENBAKER: I would like to have that deleted from the record.

The VICE-CHAIRMAN: I was sorry that anyone's name came out.

Mr. THATCHER: I think it should be made known.

The VICE-CHAIRMAN: But do you know enough about it, Mr. Thatcher? Here is an ambassador going back to his post for one reason or another. He has been called to Ottawa. He has to live some place.

Mr. THATCHER: Surely.

The VICE-CHAIRMAN: And his out of pocket expense might have been higher than that. I think we ought to examine matters of that kind and make sure of what we are saying before we comment on them. You see, he is not represented here in any way.

Mr. DIEFENBAKER: I could give you another.

The VICE-CHAIRMAN: Now, gentlemen, let us get on with this item 80, which says that there appears to be an overcharge for meals in Paris—that a man was moved from Ottawa to Paris. Let us have some comment on that.

Mr. BROWNE: We have the comments of the Auditor General, what has he done about it?

The WITNESS: The whole thing was straightened out since by adjusting it and putting him on a different basis of employment.

Mr. BROWNE: Did he have to repay that?

The WITNESS: I will have to find that out, whether he repaid it or not.

Mr. BROWNE: Can you tell us the name of the civil servant involved?

The VICE-CHAIRMAN: No, now just a minute, Mr. Sellar. I do not know that it would be proper for this committee to bandy about the names of civil servants.

Mr. BROWNE: Is that your ruling, Mr. Chairman?

The VICE-CHAIRMAN: I am going to rule that you are not entitled to the names.

Mr. BROWNE: Then, Mr. Chairman, I am going to appeal your ruling.

The VICE-CHAIRMAN: You can appeal my ruling if you don't like it.

Mr. FRASER: We could have the amounts.

The VICE-CHAIRMAN: Yes, you can have the accounts produced and you can put it on the record if you like. Can we produce them?

The WITNESS: They are not here.

The VICE-CHAIRMAN: We will have the accounts produced in this committee.

Mr. THATCHER: If the amount is excessive these names should be given.

The VICE-CHAIRMAN: That is not excessive. Mr. Thatcher, you do not know enough about the account to which Mr. Diefenbaker referred to be able to say whether it was disgraceful or excessive or not; for instance, do you know how much he paid of that amount himself?

Mr. DIEFENBAKER: He paid \$20.

The VICE-CHAIRMAN: You see, you do not know what you are talking about, Mr. Thatcher; you see, in the light of what Mr. Diefenbaker has just said, the picture is changed completely.

Mr. DIEFENBAKER: The accounts to which I am referring here are accounts of \$5,800, \$6,000, \$7,000 and \$8,000 in expense accounts.

Mr. THATCHER: We will get it.

Mr. DIEFENBAKER: I have them in front of me, and the accounts were paid. I am simply asking this question: what is the basis for these payments? Apparently a person can spend what he will as long as the account is approved by some official of the department; is that correct?

The WITNESS: You have got me there on this point, sir—you are referring to External Affairs?

Mr. DIEFENBAKER: Yes, I meant External Affairs.

The WITNESS: Yes, there are special regulations with respect to the pay and allowances of External Affairs officers and Mr. Bryce might be able to give you a better answer than I could in regard to External Affairs.

The VICE-CHAIRMAN: Mr. Bryce says that he does not know anything about it without having a chance to look it up.

Mr. THATCHER: Are there forms covering this sort of thing? Let us have the forms for every department of the Civil Service.

The VICE-CHAIRMAN: You want the forms?

Mr. THATCHER: Yes, all the forms.

The WITNESS: You have to remember, sir, that there are regulations approved by the Governor in Council applicable to all departments with the exception of External Affairs and I think Trade and Commerce.

Mr. THATCHER: Could we not see the forms?

The WITNESS: What we could do is to supply you with a set of the regulations, then there are the blank forms which the civil servants have to complete, which they have to fill out whenever they put in their claim for travelling expenses, but those are just accounting forms.

Mr. THATCHER: Could we have them tabled?

The VICE-CHAIRMAN: We can produce the regulations and the forms at our next meeting. We are now on item 81—Department of National Health and Welfare.

Item 82—National Research Council—oh, I see that has been dealt with previously.

Item 83, under the same heading.

*By Mr. Fraser:*

Q. In the Post Office department, Mr. Sellar, do they allow persons to go in there and sell radio licences? I understand the Department of Transport have people who go in there in some cases as an agent of the department to sell radio licences. Do they charge them rental for the use of the space?—A. I do not think you are right, sir; I think they have an arrangement with the Post Office whereby the Postmaster sells, and there is a commission paid to the Post Office.

Q. That is right in most cases but I understood in one or two post offices they have outside people in there.—A. That is news to me.

Q. I have a note on that down in my office.

The VICE-CHAIRMAN: Item 84, Post Office Guarantee Fund.

Mr. THATCHER: What about item 73, Mr. Chairman?

The VICE-CHAIRMAN: Oh yes, there was a question by Mr. Thatcher in connection with item 73. The information was not available at the time but we have been able to get it since then. Do you mind if Mr. Bryce gives the answer now?

Mr. BRYCE: The question was asked if any recoveries have been made of the overpayments mentioned of \$9,349 in one case and \$3,311 in the other. I am informed that \$9,000 has already been recovered and the balance is in course of recovery and it is expected that the full amount will eventually be recovered.

The VICE-CHAIRMAN: We are now back on item 84.

Mr. FRASER: Would Mr. Sellar explain this item for us?

The WITNESS: The point is this that there is a fund called the Post Office Guarantee Fund set up under the provisions of the Post Office Act which is intended to be used to reimburse people who suffer losses arising from "the malfeasance, misfeasance, or failure to duly discharge his duties" on the part of the post office employee.

Mr. BROWNE: Including the crown?

The WITNESS: No, just persons who suffer loss.

Mr. BROWNE: Not the crown itself?

The WITNESS: No. The idea was that if anybody suffered a loss through the fault of a postal employee that loss would be immediately recoverable from this fund; for instance, in the case of mail being stolen, and things of that kind, by postal employees. The point I make here is that now the practice has been extended and this fund has been used to recover losses including such things as insured parcels, registered mail and so on, lost or stolen by outsiders, not by employees of the Post Office Department; and our view is that as a matter of common practice such charges should have been charged against the appropriations for Post Office Department and not against this employees protective fund.

Mr. BROWNE: How was this fund made up?

The WITNESS: An assessment was made against all employees of the Post Office Department until 1919, since then the income from the account has been more than enough to take care of the claims arising against it.

Mr. BENIDICKSON: I think that is a recommendation which is worthy of the support of the committee. There would appear to be no good reason for this fund to be used to cover losses arising outside of the responsibility of the postal employees themselves.

The VICE-CHAIRMAN: I think the committee should consider it very seriously. I believe you have a point there. We will consider that in our interim report.

Item 85—that is the same thing.

Item 86, Department of Public Works:

Mr. HANSELL: Could Mr. Sellar explain, in regard to that item 86, why the space was rented to another department at that low rate?

The WITNESS: The reason was, sir, that the then Commissioner of Taxation decided to open an office in St. Catharines. His successor modified it and decided they did not need quite so much space.

*By Mr. Fraser:*

Q. It looks to me as if the Department of Public Works had taken over the building at a rental that was far from what they should have paid for it.  
—A. The answer is this: the Public Works to meet the requirements of the income tax had to negotiate with property owners in St. Catharines and they finally found a property owner who was willing to build an addition to his property, and you have to bear in mind that building costs at that time were very high. There may be some adjustment, but at any rate the result was that more space was available than there was demand for.



Mr. FRASER: Your recommendation here is that the Department of Public Works should not have had this direct loss of \$28,500.

The VICE-CHAIRMAN: No, he doesn't say that.

Mr. FRASER: Well, they experienced this loss of \$28,500.

The VICE-CHAIRMAN: Yes, he points that out but he does not make any recommendation.

Mr. FRASER: What I want to put to Mr. Sellar is this, Mr. Chairman; what is the solution to this? What would your view be of a solution?

The WITNESS: Well, sir, I have said to this committee before, my feeling is that all government departments should be charged for the space they occupy. It may be just a matter of bookkeeping in a sense but I think it has a salutary effect on demands for space.

Mr. FRASER: I might say that I have been advocating that since 1941.

The VICE-CHAIRMAN: Item 87, under the same heading.

Mr. BROWNE: Before we pass the other item, Mr. Chairman, it seems to be the general opinion that Mr. Sellar's recommendation in that respect should be carried out, that the departments should be charged with the space they occupy.

The VICE-CHAIRMAN: I think that is a matter for us to keep in mind, and we will keep it in mind for consideration in connection with our report.

Mr. BROWNE: Yes.

The VICE-CHAIRMAN: Mr. Fraser has been advocating it since 1941 so it is time we started considering it.

Mr. BROWNE: Yes.

The VICE-CHAIRMAN: Item 87.

Mr. BROWNE: In connection with this item I wonder if Mr. Sellar could tell us whether that agreement was drawn up by a lawyer?

The WITNESS: This was an exceptional agreement. It was authorized by the department and the local marine agent was instructed to go ahead with it, which he did, and when it came to the question of the removal of the building it was found that the full cost of removal fell on the government of Canada.

The VICE-CHAIRMAN: Item 88, Unemployment Insurance Commission.

Mr. BROWNE: In regard to this item, have there been any prosecutions there? Would it not be better for us to prosecute every person concerned in a crime like that? Should they not be prosecuted the same as anyone else outside of the service, Mr. Chairman?

The VICE-CHAIRMAN: Why ask me, I am not in a position to answer that.

Mr. BROWNE: I am not asking you, Mr. Chairman; I am asking the witness through you.

The VICE-CHAIRMAN: Oh, that is all right.

The WITNESS: Well, let me give you one of these cases there, it amounted to \$50 in round figures. The fellow concerned was within three months of 65 years of age. He had been in a serious automobile accident, and the department said, the poor fellow, is in bad enough trouble as it is. We will take the \$50 back and let him out at 65.

Mr. BROWNE: But that is only one item.

Mr. BENEDICKSON: He had not yet reached the age of 65?

The WITNESS: He was 64 years and 9 months.

Mr. BENEDICKSON: And if it had not been for the trouble he probably would have been carried on somewhat beyond age 65 until he reached his maximum superannuation.

The WITNESS: He might have. I doubt if he had a superannuation.

The VICE-CHAIRMAN: Lets get the others.

The WITNESS: In the other cases, they involved hotel accounts in small places where somebody gets hold of an hotel form and they write out their own account and send it in. You know how it is in these very small country hotels, they have forms there on the counter, and sometimes somebody other than the clerk uses them. It is a very difficult type of case to prove in court; and in these cases the department concerned took action directly as soon as it came to their notice they got rid of the men and got the money back. When you can't be sure of a conviction it is better not to prosecute.

*By Mr. Browne:*

Q. Do you know how long these persons were employed in the department?

—A. I don't know, I didn't have any names.

Q. Are they ever prosecuted for these offences?—A. Oh yes.

Q. There have been such prosecutions?—A. Oh yes.

The VICE-CHAIRMAN: Item 89, Department of Veterans Affairs:

*By Mr. Fraser:*

Q. On this item, Mr. Chairman, from what it says here I take it that this was a vehicle which belonged to the Department of Veterans Affairs?—A. Yes.

Q. And this set-up, I take it, is different from what you have in the Department of National Defence?—A. During the war, sir, the Department of National Defence had an organization which functioned in England in conjunction with the British authorities, I think it was a mixed tribunal which passed on claims, but in Canada now I think National Defence has been merged into this one. I speak subject to checking the regulations on it; but generally it appears that this applies to all the other departments, certainly all departments other than National Defence.

Q. Well, let us assume that it might be the Department of Veterans Affairs and they might be using a car which belonged to the Department of National Defence and that it was in an accident, now then, in a case of that kind, it might be said that the car was taken without authority and therefore there was no liability. That is the way they get out of their responsibility in most cases of this kind. I have said on many occasions, and I repeat, that I think the Department of National Defence or any other department of government should be open to suit the same as anyone else would be in cases of this kind.

The VICE-CHAIRMAN: I might say to Mr. Fraser, by way of information, that I had occasion to speak to the Minister of Justice about matters of this kind and he tells me that under these circumstances he never refuses an application for the right to sue; that has been his practice ever since he became Minister of Justice—to issue a fiat to everyone who asks for one. That is a change from the old practice. Mr. Bryce has some views on it. Would you like to have them?

Mr. FRASER: Yes. You recall the other day there was a case in the city of Montreal which involved a vehicle owned by the Department of National Defence.

Mr. BRYCE: It was just about the same circumstances here. The Department of Justice is responsible for determining on behalf of the government whether there is negligence to the degree that justifies the crown recovering from the civil servant involved and in this case the Department of Justice informed the Treasury Board that they did not believe negligence was sufficient to require the person concerned to bear the cost. I have some of the details of the accident, if the committee would be interested.

Mr. DIEFENBAKER: Is there any serious point at issue?

The VICE-CHAIRMAN: No, lets get on.

Item 90, under the same heading:

Item 91, also under the same heading:

Mr. FRASER: These would be overpayments of war veterans allowances, and in those cases what they do is they deduct from the war veteran's monthly cheque so much a month to make up this overpayment. Is that right?

The WITNESS: Yes.

Mr. BENIDICKSON: If they have been overpaid they get no cheque.

The VICE-CHAIRMAN: I think it will be better to leave it to Mr. Sellar to answer.

The WITNESS: They try to reach an adjustment in these cases. There are instances in which a chap gets the allowance when he should not have got it, and he draws it over a period of years and you have no hope of getting it back.

The VICE-CHAIRMAN: Item 92, Post Discharge Rehabilitation Benefits:

Item 93, under the same heading.

The WITNESS: Perhaps I can speed things up for you, gentlemen, by saying that the three institutions referred to in item 94 have all made voluntary refunds, and the regulations have been amended, so there is no significance now from your point of view with regard to the items from 92 to 95.

The VICE-CHAIRMAN: That is completely cleared up. Fine.

Item 96, Wartime Prices and Trade Board.

Mr. FRASER: I see there an item of \$15,000.

The CHAIRMAN: But that was changed later, according to the vote. That makes a difference.

Mr. FRASER: No, I do not think there should be any difference. I think the government in this case tried to control the consumers organization to some extent.

The VICE-CHAIRMAN: The comment under that item is that they were to conduct the affairs of the association on an entirely independent basis through an annual membership fee; and also that in 1949 further financial assistance for the association was authorized. Whether it was made or not is another matter for another place. What is your comment on that, Mr. Sellar?

The WITNESS: The main reason is that it had been stated in the House of Commons by the Minister of Finance that the first expenditure was necessary, after that they would be self-supporting; however, they were not, and there was a further grant of money; and, having that in mind, the statement in here, I thought I should bring the situation up to date.

Mr. BENIDICKSON: And we as members of parliament should appreciate that.

The VICE-CHAIRMAN: Yes.

Mr. BRYCE: I think it is clear, there was a change of view on the part of the government as to the amount which would at first be required. You will note that in the subsequent year, 1949/50 and for the current year, there has been an amount specifically provided in the estimates for this account.

The VICE-CHAIRMAN: Could you refer us to the item in the estimates?

Mr. BRYCE: Yes, you will find that on page 124, in the detail of the estimates.

The VICE-CHAIRMAN: All right, now item 97.

The WITNESS: That is just a summary statement.



Mr. FRASER: Now, in the summary statement no blocked funds are shown here either. Where would they be shown?

The WITNESS: I think there is a small amount in that active assets item, cash and current assets.

The VICE-CHAIRMAN: Mr. Bryce, could you answer that?

Mr. BRYCE: There is the equivalent of \$482,048.22 which is shown in the detailed balance sheet statement given in the public accounts on page 2.

Mr. DREW: Paragraph 97 is a summary statement of the balance sheet of Canada showing liabilities of \$16,950,404,000, and active assets of \$5,420,139,000. You have been including a figure of "less: reserve for possible losses on ultimate realization of active assets, \$245,869,000." How is that figure of reserves for possible losses arrived at?

The WITNESS: In due course I am going to have to refer you to Mr. Bryce to answer that because it has been in each year since, I think, 1940 or 1941. The Deputy Minister of Finance has included in the balance sheet a reserve of a round sum each year in the expectation that all of the assets will not ultimately produce their total value, and therefore he puts that amount in.

The VICE-CHAIRMAN: Can you help us with that, Mr. Bryce?

Mr. BRYCE: Well, sir, the public accounts for the last ten years or so, as Mr. Sellar has indicated, and the budget speeches, have both indicated additions to the amount for this reserve from year to year. The Minister of Finance has explained at several points, in his budget speeches (I am sorry I cannot give you immediately the references to them) the reasons for such a reserve and for the additions to it. The amounts that should be set aside to that reserve are basically questions of judgment and policy on which I think the Minister of Finance himself should answer. The reason for having a reserve, a general reserve, rather than one earmarked for specific items has been given in the House of Commons by the Minister of Finance. Broadly speaking it is not possible to say in advance against what particular assets it is necessary to hold a reserve, and in the case of many of these assets they are claims upon other governments or upon other bodies, or persons, and it has been felt that to earmark reserves against particular items in the assets tends to weaken the position of the crown in negotiating for their collection or settlement. Now, those are the essential arguments as I recall, sir, for the holding of the reserves in this general form and, as I say, the amounts put up in it are basically questions of policy which I feel the Minister of Finance should speak to.

Mr. DREW: But dealing with this only from the point of view of your knowledge and without any question of policy being involved, are you in a position to say whether this estimate of \$245,869,000 as a reserve for possible loss on the realization of assets is to be regarded as an attempt to establish an accurate estimate of possible losses or whether it is a purely mandatory figure.

Mr. BRYCE: Well, sir, I think consideration of the nature of the assets makes clear that no one can make an accurate appraisal. There are loans to the United Kingdom and various European and other governments as you will note in the balance sheet. No one can say accurately what the probability of losses of any of these loans will be. It is basically a question of judgment as to how much it is reasonable to provide.

Mr. DREW: Without jumping from one item to another, I had in mind as an example item No. 106 which shows loans and advances to other governments to a total of \$1,923,783,302.78. Now, the history of loans of that kind is not one of fairly high recovery, I think you will agree. I am talking now on the general international history of loans of that kind, and I am wondering to what extent this does in fact contain any real estimate of an effective reserve in relation to this?

Mr. BRYCE: Well, sir, it is difficult to comment fully on that question, to answer it fully, without throwing some doubt on to the ability of these countries to repay their credits.

Mr. DREW: Ability, or intention. I see an item of \$11,681,779.21 owing by the Union of Soviet Socialist Republics. I do not think there is much doubt about ability to repay in that case. However, the only question that you can answer is as to whether it is upon any basis which would suggest that it is a real estimate of what is likely to cover the losses.

Mr. BRYCE: There is no formula that relates this to objective conditions that one can calculate on a calculating machine. The amounts put in, if you will note, over its history, have been round sums. The actual amount there of so many thousand dollars results from having charged to the reserves in the past various losses that have been experienced, so I would not like to suggest that this figure containing six significant digits represents an attempt to assess with that precision what the amount should be.

Mr. DREW: In the item under active assets, cash and other current assets amounting to \$1,660,259,000, is there included in that the value of all property held by the government? I mean all the real estate held by the government?

Mr. BRYCE: No, sir, that is cash and the equivalent of cash.

Mr. DREW: It says cash and other current assets.

Mr. BRYCE: The details are set forth in schedules A, B, and C of the balance sheet and the balance sheet itself.

Mr. DREW: The item "other loans and investments" would include the value of real estate, would it not?

Mr. BRYCE: No, sir, the bulk of that as you will notice from the details of the balance sheet on page 2 are loans to provincial and municipal governments, to the United Kingdom and other governments outside Canada, Canada's subscription to the capital of the International Monetary Fund, the International Bank for Reconstruction and Development and the miscellaneous, schedule 1, which appears on page 17, of the public accounts. There you will find the largest item is the Veterans' Land Act advances and Soldier Land Settlement loans.

Mr. DREW: Well, then, do I take it that in the assets shown there is no figure including a valuation of the real property owned by the government?

Mr. BRYCE: No, sir.

Mr. DREW: I should think that that is perhaps conveyed by the term "active assets." But what is the reason why no valuation of the property is set up?

Mr. BENIDICKSON: Mr. Chairman, was that not all discussed in an earlier meeting of this committee? It is in the minutes.

Mr. BRYCE: Yes, sir. I cited the speech of one of the Ministers of Finance over thirty years ago. The gist of it is that "active assets" include cash and things that are similar to cash in their availability on the one hand, and loans and investments that normally return interest in addition to an expectation of a return of the principal.

The CHAIRMAN: We have kept pretty steadily on this all morning. Now, there is just one question I want to call the attention of the committee to. There has been some reference to expense accounts which were produced. Those expense accounts are with the clerk, Mr. Burgess, and they are available to members of the committee. The understanding is that those documents are confidential documents until the time when this committee says otherwise. The information is not to be disclosed unless and until the committee says so. I just want to point out they are available. We will adjourn now.

Mr. DREW: I simply ask the question for information: is the list ready in whole or in part, Mr. Bryce, of the properties in regard to which I asked a question some time ago?

Mr. BRYCE: Since you spoke on Tuesday I have again drawn to the attention of the departments the urgency of the matter and asked them, if at all possible, that the list be completed early next week.

Mr. DREW: Do I take it that applies also to the other question in regard to items that were dealt with in votes that are not included in any statutory provision.

Mr. BRYCE: Yes, Mr. Smellie is preparing that today.

Mr. DIEFENBAKER: I understand, Mr. Chairman, you made some ruling with regard to these documents?

The VICE-CHAIRMAN: Yes, I said they were available and they are to remain confidential.

Mr. DIEFENBAKER: I cannot understand. If they are confidential, how can I use them?

The VICE-CHAIRMAN: I am told this by the department; until such time as the committee decides or it is put on the record somehow, the information is confidential.

Mr. DIEFENBAKER: Would it not be possible for me to move that they be tabled.

The VICE-CHAIRMAN: If you move they be tabled—I do not know what the general practice is—I do not know whether the House would table them or not. However, I am told what we are doing is the general practice. By Monday we will find out definitely. That is the best I can do now.

Mr. DIEFENBAKER: Just so there will be no finality to that, I am going to make a motion before you adjourn that they do be tabled.

The VICE-CHAIRMAN: We will deal with that on Monday. Give me an opportunity to consult with the proper officials. I have been told that by the officials this morning.

Mr. DIEFENBAKER: There is nothing confidential about records like that. However, I am not going to press it now. After all, we pay the expenses; surely there can be no confidentiality about those accounts. I am not going to argue that now, though, if you will deal with it on Monday.

The VICE-CHAIRMAN: We will deal with that at our next meeting.

Mr. DREW: I would point out the difficulty that is raised by these suggestions that these documents be presented in this way. If a member examines these documents and obtains information which he thinks should be brought before the committee he will then be making use of information that has been handed to him in a confidential way, so there would be a limitation placed on the information.

The VICE-CHAIRMAN: No, no, I want that to be made very clear. I told Mr. Diefenbaker the accounts were available at the moment. I had no idea what form they would be produced in. He called attention to them this morning quite properly because he had them. I have been told by the committee secretary that I was wrong and it should have been done in another fashion, and for that reason they are to be held confidential until the next meeting, and at the next meeting we will deal with them.

The committee adjourned.











Canada Public Accountants  
Standing Committee, 1950  
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no. 17

SESSION 1950

HOUSE OF COMMONS

STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

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MONDAY, MAY 29, 1950

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WITNESSES:

Mr. Watson Sellar, C.M.G., Auditor General.  
Mr. R. B. Bryce, Assistant Deputy Minister of Finance.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950

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## STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.,

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |   |   |
|-----------------------------------|---|---|
| Anderson                          | Fleming                                       | Maybank                                     |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Pinard                                      |
| Balcer                            | Fulford                                       | Prudham                                     |
| Beaudry                           | Fraser  | Richard ( <i>Gloucester</i> )               |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Richard ( <i>Ottawa East</i> )              |
| Blue                              | Hansell                                       | Riley                                       |
| Boisvert                          | Helme   | Robinson                                    |
| Boivin                            | Homuth  | Sinclair                                    |
| Brisson                           | Johnston                                      | Stewart ( <i>Winnipeg<br/>North</i> )       |
| Browne ( <i>St. John's West</i> ) | Kirk ( <i>Antigonish-<br/>Gaysborough</i> )   | Thatcher                                    |
| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Thomas                                      |
| Cavers                            | Langlois ( <i>Gaspé</i> )                     | Warren                                      |
| Cleaver                           | Larson  | White ( <i>Hastings-<br/>Peterborough</i> ) |
| Cloutier                          | Macdonnell                                    | Winkler                                     |
| Cruikshank                        | Major   | Wright                                      |
| Denis                             |   |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

*Clerk:* A. L. Burgess

## MINUTES OF PROCEEDINGS

MONDAY, May 29, 1950.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Vice-Chairman, Mr. David Croll, presiding.

*Members present:* Messrs. Boisvert, Brisson, Cauchon, Cavers, Croll, Drew, Diefenbaker, Fleming, Gauthier (*Portneuf*), Hansell, Helme, Kirk (*Digby-Yarmouth*), Major, Pinard, Prudham, Sinclair, Stewart (*Winnipeg North*), Thomas, Warren, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.C., Auditor General; Mr. R. B. Bryce, Assistant Deputy Minister of Finance.

The Chairman tabled the following documents:

1. Travelling Regulations, as authorized by various Orders-in-Council.
2. Travelling Regulations and Instructions issued by the Departments of Fisheries, Labour, National Defence, National Health and Welfare, and Mines and Technical Surveys.
3. Travelling Expense Account Claim Forms as used by the various departments.

The Chairman also tabled:

1. Photostatic copies of three typical expense accounts, submitted by Mr. J. C. Emond, Chief Architect's Branch.
2. Letter from Mr. E. R. Birchard, Vice-President, National Research Council, enclosing documents explaining the amounts and allowances paid to Messrs. R. A. Frigon, J. G. Malloch and R. J. Brearley.
3. Group of files from the Department of External Affairs enclosing travelling expense claims for the fiscal year 1948-49 for Messrs. J. E. Kearney, J. J. Hurley, W. F. A. Chipman, S. D. Pierce, H. A. Scott and P. A. Beaulieu.
4. Memorandum from the Department of External Affairs on the allowances paid to heads of missions abroad and explaining in particular allowances paid to Messrs. J. D. Kearney, W. F. Chipman, S. D. Pierce, J. J. Hurley, H. A. Scott, J. S. Macdonald, C. F. Elliott and General McNaughton.
5. Memorandum from the Department of External Affairs explaining the allowances paid to Messrs. Carter and P. A. Beaulieu.
6. Copies of Orders-in-Council 207/2000 of May 21/47; P.C. 209/2166 of May 14, 1948; P.C. 7/399 and P.C. 9/399 of Jan. 27/49; and P.C. 2/9760 of April 27, 1949, all of which determine the scale of allowances and related conditions of employment of Foreign Service Officers abroad, and in accordance with which the allowances of those officers other than heads of Missions, about which inquiries have been made, were determined.
7. Expense accounts for the fiscal year 1948-49 for Mr. F. K. Ashbaugh, of the Department of Trade and Commerce, together with copies of Orders-in-Council approving his appointment and providing for reasonable travelling and living expenses when absent from Tillsonburg, Ont., his normal place of residence.



The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Examination of Messrs Sellar and Bryce was concluded on the paragraphs 97 to 122 inclusive, of the said report.

At 1 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
Monday, May 29, 1950.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Vice-Chairman, Mr. David A. Croll, presided.

The VICE-CHAIRMAN: Gentlemen, we have a quorum.

I am tabling first, in accordance with some of the requests, the general travelling regulations, and the travelling regulations and instructions of various departments—there are eight or nine of them here; expense account forms as used by various departments and there are quite a few of them here—they will be available in the clerk's office. In addition, I am tabling various documents which are shown in a list which will appear in the minutes of proceedings.

The expense accounts submitted for the officers of the Department of External Affairs and of the Department of Trade and Commerce are complete for the fiscal year 1948-1949. Those for the officers of other Departments are representative accounts during that year.

I have a letter here this morning dated Ottawa, May 25th, 1950.

"OTTAWA, Ontario, May 25, 1950.

Mr. David Croll, M.P.,  
Vice-Chairman,  
Public Accounts Committee,  
House of Commons,  
Ottawa.

Dear Mr. Croll:

At the committee meeting on Thursday last, I understood from certain evidence, that Mr. S. D. Pierce had charged the taxpayers with a room charge at the Chateau Laurier of \$36.00.

In addition, I understood that on the same day he had charged \$27.20 for restaurant services.

I termed such expenditures as "disgraceful".

Since that time, I have learned that the facts were not as I understood them. A good deal of the sums involved had been paid for by Mr. Pierce personally.

Under the circumstances I should like to publicly apologize for my error. I trust my hastiness has not caused any embarrassment to Mr. Pierce.

Yours sincerely,

(Sgd.) W. Ross Thatcher, M.P."  
(Moosejaw)

Mr. FLEMING: May I ask a question about the first documents which you tabled. If I heard you correctly you stated that they were instructions issued by the department concerning expense accounts. Are those general instructions issued by all departments or do some departments issue their own instructions individually?

The VICE-CHAIRMAN: They are general instructions, very lengthy, and you might look at them.

Mr. FLEMING: Mr. Burgess points out that there are travelling regulations applicable to all departments, certain orders in council, and, in addition, there are regulations and instructions issued by separate departments. He has produced those from the Departments of Fisheries, Labour, National Defence, Mines and Technical Surveys, and National Health and Welfare. There will not be time nor opportunity to look these over and I wonder if the Chairman or Mr. Sellar could tell us in a word, why the departments issue supplementary regulations?

The VICE-CHAIRMAN: I cannot tell you that.

### **Watson Sellar, Auditor General, called:**

The WITNESS: I think I can answer. General regulations are made by the Governor in Council and they are applicable to all departments. The Governor in Council authorizes by the same regulations that a department may make more stringent regulations or regulations applicable to their own particular people, within the general scope of the regulations. They try to cover the whole field and then give to the departments power to handle exceptional cases at a lower level than the maximum permitted by the general regulations.

Mr. FLEMING: Do I understand from that regulations issued by individual departments are in the direction of rather more stringency?

The WITNESS: To meet particular needs.

The VICE-CHAIRMAN: Well, let us not go into that just at the moment.

Mr. FLEMING: Very well, but there is one other question I could ask now. Are these five departments the only ones which have been given the power to issue supplementary regulations?

The WITNESS: No, I imagine they are only samples.

The VICE-CHAIRMAN: Yes, they are just samples, Mr. McIntyre says.

Mr. FLEMING: If there are other departments which have issued similar supplementary regulations I suggest that those regulations be tabled too?

The VICE-CHAIRMAN: All right. Now, we are on item No. 97 at the present time. We were discussing that the other day, but I do not know whether there is anything holding it up?

*By Mr. Drew:*

Q. On No. 97, Mr. Sellar, why is it not regarded as good practice to include in that the balance or total value of the real property owned by the government of Canada, as a balancing figure, in view of the fact that a great part or at least a substantial amount of the debt has been created in acquiring that property?—A. The reason for this treatment is that the accounts of Canada are maintained on a cash basis. The effort has always been to keep to cash or the equivalent of cash. Before previous Public Accounts Committees I have been on record as suggesting that the time might come when consumable stores, which are the equivalent of cash, should be taken in as assets. On buildings and various properties, the suggestion has been advanced from time to time that efforts should be made to bring them in but the great trouble is to find what properties can be converted into cash and which cannot. The whole aim of the statement of assets and liabilities prepared by the Deputy Minister of Finance in accordance with the law, is to try to give the cash picture as of a certain date. It is not like the case of a corporate balance sheet which is a historical record showing all assets and liabilities. For example, you will not find receivables amongst assets.



Q. By receivables what do you mean?—A. Taxes assessed but not collected, for services rendered and not paid for.

Q. What kind of a figure would be involved?—A. I have no idea, sir; but it would be fairly substantial. I know the Department of Finance has been seriously considering trying to bring into effect a system where you have really got receivables. Today you could put in the cumulative total which would be very large, but it would be meaningless. There are some receivables which date back to Confederation. There is no hope of collecting them; the people are all dead; but the departments have no power to write off anything without the consent of parliament.

Q. Well, I am looking at this not from the point of view of ascertaining whether the advance was wise or unwise, or whether the obligation was incurred in a sound way. What we are really considering is the manner in which members of parliament may be able to exercise proper supervision over public expenditures and over the public accounts. Now, assuming, for the sake of argument, that the government was not as efficient as the chairman thinks this government is, how would members of parliament know if there were any substantial effort being made to collect outstanding accounts? How could they exercise or bring to bear that measure of supervision which it seems to me is the purpose of a committee of this kind?—A. I know that the Department of Finance is seriously concerned over receivables and, as you know, notice has been given of a proposed amendment to the Consolidated Revenue and Audit Act. I know from gossip with the chaps there that they are seriously considering trying to do that. Taking the problem of real estate as a whole, it is difficult to find what can be covered. I will use one example,—the dredging and deepening of the channel of the St. Lawrence river from Rimouski to Montreal. There has been a tremendous amount of expenditure on that; and it is a national asset but not a monetary asset. You could never sell the hole in the St. Lawrence river, and that is the problem that arises in trying to capitalize these properties. Some of my staff disagree with me, but my own feeling is that efforts should be made to put on the balance sheet properties that are revenue producing or that can be sold.

Q. That, exactly is one of the things which I have in mind. I do not want to labour this but I do think we are on a subject of basic importance here. What you have explained, Mr. Sellar, is this. In the first place, it has not been regarded as sound accounting practice or practical accounting practice to capitalize in the balance sheet the value of real estate and other similar property owned by the dominion government. You have also indicated that the outstanding taxes and obligations for services rendered are not included in the balance sheet. Now those are two different things. In turn, real estate and similar property breaks down into at least two distinct groups and perhaps more. One group would be the type of building required for the actual service of government, such as the parliament buildings themselves, post offices, tax offices, and various buildings of that kind throughout the country. In the ordinary course of events those are not properties that would be regarded as saleable properties no matter what sale value they might have. There is a second group of property which is assuming increasing importance because of the new relationship of government to certain types of operation in this and other countries, and that is the case where there is something of the nature of a productive or operating property.

Now, particularly in the latter case, it would seem to me that members of parliament should be in a position to exercise that measure of supervision which means anything; they should know that they can go to some place to find out what properties are being held so that they may check from time to time on the method being followed to dispose of them? Would that not seem reasonable practice?—A. Yes, and I think the Department of Finance would share your

view but the problem is to get a standard. They always face this position, sir: the present practice was established about 1920. At that time various outstanding chartered accountants firms in Canada assisted the Minister of Finance in revising the balance sheet. The view of the then Minister of Finance, and of the department then—and I am satisfied that the view is the same today—was that they must set up the accounts in such a way that nobody could say that the government was trying to make a better showing than it was entitled to. They wish to have the public accounts above criticism and to use a common phrase, free from being padded. That is the reason why all Ministers of Finance have leaned backward to eliminate anything in the public accounts which would show a greater net reduction of debt than somebody else might say was truly the case. As I say, activities of government are changing. We are getting into more and more activities and the time may well come when parliament may see fit to give different instructions with regard to the setting up of these assets.

I would like to see various things brought into the balance sheet. So there is outside control from the department—namely the Department of Finance, who would have a say on this matter, and the policy which the government would have to decide.

Q. Or parliament?—A. The government would have to bring it to parliament.

Q. Well, I do not want to enter into a dialectic exchange but it seems to me that the primary purpose of the Public Accounts Committee is to find ways in which parliament can exercise or at least hope to exercise its appropriate measure of control over government expenditure. For that reason it would seem this is a subject in which members of the Public Accounts Committee would naturally be interested. I do believe this is of sufficient importance that I might labour it to some extent.

The VICE-CHAIRMAN: Would you like to hear Mr. Bryce on some of the points before you proceed further?

MR. BRYCE: Answering further the earlier question about the inclusion of these real assets on the balance sheet, as I indicated some time ago the present practice is to be very cautious and restrictive as to what are included as active assets. And in addition, we have certain items listed as non-active assets, which are not reflected in the short table in paragraph 97 by the auditor-general. But it is also very clear that the non-active assets do not include all the categories that the auditor-general has spoken of. The difficulty is to know which of them it is wise to include. In the case of the receivables, if one is going to include all the receivables, it is difficult to ascertain just what taxes are receivable as of a certain date when we close our books. That would require a great deal of investigation, because a great many excise taxes are received after that date for the sake of the convenience of the public in paying them. The second problem is that of including lands and properties because the valuations to be put upon them in many cases would be quite arbitrary. So it poses a very difficult problem in valuation as well as in selecting the items to be included. I have run into it in connection with the list of properties to be submitted to the committee in accordance with its wishes of some weeks ago. There are innumerable places where it is very difficult to draw a boundary line and to say that this property has a commercial value while that property does not. We may have lands held by the Crown leased to a railway as a right-of-way, or lands leased to a municipality at a nominal rental, let us say for street purposes. It is exceedingly difficult to draw a consistent line and to say this should and this should not be included or excluded in the balance sheet. And finally, if we are going to include all such assets—and particularly if we are going to include such things as fixed equipment—in properties, there is an enormous accounting problem involved; but it could be done if parliament felt that the expenses warranted doing so. I think it could be done.



Mr. DREW: Have you a list of either some or all of the properties which you could submit?

Mr. BRYCE: I have not got a list ready yet. I have received replies from some of the departments, and particularly many questions from the departments about the compilation of a list. It was from an endeavour to answer these questions that I secured some idea of the difficulties involved in doing this. For example, I have had an inquiry from the Department of Resources and Development as to whether the committee wishes to include Crown lands in the Northwest Territories. There the Crown in the right of the Dominion owns all the Crown lands, many of which are not surveyed, and some of which are leased to individuals for one purpose or another. That would be a tremendous list because in the territories the Crown does own all these lands. The value is doubtful until you know whether someone wishes to have them for a particular purpose.

Mr. STEWART: Could not lands such as these be inserted in the balance sheet at a value of \$1?

Mr. BRYCE: Yes, but that would be just a heading.

The VICE-CHAIRMAN: That would be an experience with dollar values.

Mr. DREW: When you speak of the difficulty of defining types of property, you of course are illustrating the very difficulty that members of parliament have in regard to this matter, because if it is impossible for the officials who are day by day working with this matter to define what property should be regarded as a productive asset, it certainly is extremely difficult for members of parliament to know the kind of property to which they should be directing some inquiry. Let me give you an illustration of what I mean, not with the suggestion that any government has any sinister motive, but rather with the idea that it is our function to inquire into the system in order to prevent improper practices. The procedure has grown up in all governmental bodies, whether they be federal, provincial, or municipal, to establish as regular practice the calling for tenders in the case of disposal of public property. We also know that there are certain properties which have been disposed of without tenders being called for. It would seem to me this is a subject in which we should be interested. In relation to the inquiries that you have been making and the measure of contact you have had, have you been called upon to examine a number of cases in which properties have been disposed of by different departments without tenders being called for?

Mr. BRYCE: I cannot speak of any in detail, sir. I have run into cases where properties have been disposed of under circumstances where it was difficult to conceive of tenders being called; for example, property disposed of to a railway company or to a municipality for railroads or for streets. It is hardly feasible there to call for tenders. On the other hand it is a problem to set reasonable values in the circumstances.

Mr. DREW: You are referring to a case where by virtue of the fact that the property is already used for a particular purpose, such as a railway siding or a coal shoot, or something of that kind, it would hardly be reasonable to expect that you put it up for public tender and perhaps deprive a general operation of some importance of a particular use of that kind.

Mr. BRYCE: That is a case which comes to mind.

Mr. DREW: I am simply directing my questions in an attempt to get our accounts in a form we can understand. You will recall that one of the properties I mentioned as being a type of property in which I am interested was a mine in British Columbia. I am dealing with a particular mine which I have in mind merely by way of illustration. This mine was developed during the war and it became an asset to the public, of the people of Canada, through an agency of the government which held it. Now that mine has been disposed of and there is



no place in the public accounts where any part of the transaction appears in a way which any member could ascertain. What I am trying to get at is how we could set up a system where—not so much this group sitting here today but—any group in a public accounts committee could be in a position to know where they could go to check upon a matter and exercise some measure of supervision in a case of that kind. That is the kind of thing I have in mind.

THE WITNESS: I heard you make a reference to a mine. I wondered which mine it was. Is it the Emerald Tungsten mine?

*By Mr. Drew:*

Q. Yes.—A. The Emerald Tungsten mine.

Q. That is a lead-zinc property, is it not?—A. I am not sure. It is at Salmo in British Columbia. It was acquired by the government in the early 1940's because they wanted the minerals in it. The government acquired it and placed the management of it in Wartime Metals Corporation, a Crown corporation which was set up to operate various mines for the Minister of Munitions and Supply who required them for the war effort. A good deal of money was required to be spent on it to bring it into production.

Q. How much, would you say?—A. Altogether \$1,273,000 was spent in connection with that mine as a capital investment as at March 31, 1945. In 1946 Wartime Metals was wound up and all of its assets were transferred to the Department of Munitions and Supply; because Munitions and Supply had no need for this mine, it was declared surplus under the Surplus War Assets Act, and the Surplus War Assets Corporation sold the mine to Canadian Exploration Limited of Vancouver.

Q. Of which Mr. Banks, the Lieutenant-Governor, is chairman?—A. I have no idea at all about that. It was sold for either \$900,000 or \$950,000 and the amount is payable out of the net earnings of the company. In the report of the War Assets Corporation for the fiscal year ending March 31, 1949, this sale price is reflected in a trust account with the Receiver-General; and on page 25, under the headings of Lands and Buildings you will find \$85,757 as having been received that year as part payment from Canadian Explorations Limited of Vancouver, B.C. If you want to find it in the public accounts, you should look—it is not in this year's volume, it is in public accounts for 1945—at page MA-165. And also on that page you will find mention of a mine at Val d'Or. There was a small mine there also being operated by Wartime Metals, which also has been sold. We never purchased it. We just had the right to use it and develop it. The improvements have sold high there is litigation concerning it at the present time.

Q. What was it sold for?—A. It was sold, I think, for \$75,000, according to my best recollection.

Q. Were tenders called for in that case?—A. You would have to ask War Assets about that. I do not know.

Q. The only item that appears anywhere in the period that we have under consideration is one item under Lands and Buildings, an item of \$85,757 in connection with the Tungsten mine and the transaction with Canadian Explorations Limited of Vancouver.—A. If you will turn back to your balance sheet you will find a trust account with the dominion for \$40 million odd. Whatever is left would be in that trust account. It is one bulk item and it has the sale in it.

Q. The point is that you say it is included in that bulk figure of \$40,621,-043.83, so the only way it would be possible for us to ascertain what this represents would be to obtain a list of all the properties, and of what payments are outstanding on various properties which make up that sum of \$40,621,043.83?—A. Yes.

Q. In view of the fact that we have brought it to this point, I think we should have a list of those properties in respect of which there are payments?

The VICE-CHAIRMAN: Just a minute, let us get it clear as to what you want.

Mr. DREW: I am sorry. I recognize the difficulty involved in moving from one account to another. I have before me the fifth Annual Report of War Assets Corporation for the fiscal year ending March 31, 1949, and I am reading from the balance sheet as at March 31, 1949, which corresponds to the period of the public accounts we are examining. Under the heading of Receiver-General of Canada Trust Account, there is an item of accounts receivable. The first item is "current" including Canadian government departments and companies: \$672,003.05; and deferred \$40,621,043.83. Before I go further with this, am I correct in my interpretation that the current accounts receivable shown as \$762,003.05 are amounts which are actually now payable?

The WITNESS: Yes.

*By Mr. Drew:*

Q. And that these are such items as to which you have referred?—  
A. Instalments.

Q. In connection with Canadian Explorations Limited; they involve deferred payments; and that deferred amount of \$40,621,043.83 represents deferred payments at various times which are payable under one instalment system or another in connection with purchases from War Assets Corporation?—A. That is my understanding, it is for property and goods, possibly between them.

Q. You mean property of one kind or another?—A. Property of one kind or another, not essentially real estate.

Q. Then I would ask, Mr. Chairman, if we might have a list of the properties prepared?

The VICE-CHAIRMAN: Represented by that?

Mr. DREW: Yes, represented by that item, the balance owing, as well as the terms under which the balance is payable. May I qualify it by saying that in those cases where it can be grouped as a particular method of payment, such as a sale of goods or something of that kind under a five or ten year period of time, I would not expect separate details; but in the case of these specific properties, I think we should have a list: for example, the Canadian Explorations Limited, the \$900,000 that is owing, and which is to be paid by 50 per cent of net profits. That is the particular type of payment I think we should understand when examining these and other similar properties.

The VICE-CHAIRMAN: Very well. I was told by the Department of Transport that they were getting a little behind on these properties. I was told that their list would be about 6 inches high; however, we shall do the best we can. Now, item 98, gentlemen? "Liabilities".

*By Mr. Drew:*

Q. I do not want to make a speech in regard to this, but I would emphasize, as Mr. Sellar has pointed out, that in the discussion which has taken place in the department there has been some measure of concern about the fact that there are certain types of items that are certainly recoverable assets but which are not shown in the balance sheet. I can understand the point made that in presenting a balance sheet upon which the national credit is established it would be most undesirable that there should be any suggestion of a distorted value being placed upon properties that can never conceivably be sold, such as the parliament buildings, post offices, and property of that kind, as well as with respect to some other properties which fall into a position where they may be sold from time to time. The extent of the subject we have under consideration is illustrated, I think, by the fact that in only one government agency, under a single department, we find that in addition to whatever properties they now hold, there are outstanding payments of over \$40 million odd as to which we have no details. And I think we should be able to obtain information such as

that which I have now requested. Nevertheless, assuming that these are sound transactions subject to whatever ordinary reserve should be set aside for that purpose, it would be a normally recoverable asset which in any business would actually be shown, would it not?—A. Well, in any business that operates its accounts on the accrual basis, we certainly would.

Q. In a business you would be inclined to set up a figure which represented an accrual and then set off against it a 100 per cent write-off between something which should not be realized in any accounting method, and the amount of payments to be made under a purchase agreement; that would certainly be shown at some place in the statement as part of the general balance?—A. That is right. I think the Department of Finance is very interested in it at the moment. I know they are studying it although they have not come to any conclusion on that matter.

The VICE-CHAIRMAN: No. 98, gentlemen.

Mr. Diefenbaker: On a point of order, Mr. Chairman. I raise the question now, as I did not want to break in before. I raised the point a few days ago in regard to these expense accounts that were tabled as a result of my request some weeks ago. They came up on Thursday. I would like to know when I will get an opportunity to discuss these matters. Certainly there is no item that is now ahead of us in the Auditor General's accounts that gives me that opportunity, but I certainly do not intend to allow this matter to rest here, and run through and get done with these paragraphs from 98 to 161 and then no opportunity be given to discuss the reasons for the diversity in these expense accounts and the very large discrepancies in the matter of the audit of these various departmental expense accounts.

The VICE-CHAIRMAN: Mr. Diefenbaker, we have laid down the procedure that we will follow. After we have gone over the Auditor General's report—we will complete the Auditor General's report whatever it may entail—after that is all clear it was intended to call the steering committee for the purpose of formulating some plan for hearing other matters, any matters that the members wanted to discuss. At that time, we will discuss your request that these matters be dealt with, and if we do, then at the same time we will have, if we decide that, men from the departments available to reply to any questions that are propounded by you. I cannot do any more than that.

Mr. Diefenbaker: I do not want a wrong impression to go out as a result of what has happened here today; there has been a reference to Mr. Pierce, and on just this one matter I want to refer to it.

The VICE-CHAIRMAN: Mr. Diefenbaker, we are not going to open up the question of expense accounts today. We are not going to discuss it. We are on this report and we stay with this report. Anything that was said with respect to Mr. Pierce was said here a few days ago and any reference that was made today was not of my making, it was through a letter addressed to me. We cannot discuss it today. We are on this Auditor General's report. You will have your opportunity to bring the matter up as soon as we are through with this report. We will take it to the steering committee; and you have made your request.

Mr. Diefenbaker: There is just that one item because you just put that letter in, and I have the right to submit what Mr. Pierce's accounts amounted to and nothing more will I deal with.

Mr. RICHARD (*Ottawa East*): Are you a witness?

The VICE-CHAIRMAN: I did not ask for this letter. This letter was addressed to me by a member as a result of something he said here.

Mr. SINCLAIR: What is the date of the letter?

The VICE-CHAIRMAN: May 25th. I hesitated about putting it in; but he publicly apologized and then I thought I should put the letter on the record



in fairness to all. I could not reach the member as he was out of the city. I thought that was what he wanted to do.

Mr. DIEFENBAKER: This one item—

The VICE-CHAIRMAN: The matter will be discussed at the first opportunity and you will be heard as soon as the steering committee sits.

Mr. DIEFENBAKER: There will be an opportunity to discuss these matters?

The CHAIRMAN: Do not get me to the point, Mr. Diefenbaker, that I say there will be an opportunity. All I said was this: that the matter will be taken before the steering committee and your request will be put before the steering committee. I do not know who are on it, Mr. Fleming and Mr. Fraser, I believe.

Mr. FLEMING: I am on it and there is another member who has not been attending up to now.

The VICE-CHAIRMAN: Mr. Fraser has been at the steering committee meetings.

Mr. DIEFENBAKER: It is not my request. The figures are here and they indicate an expenditure on salary and allowance of \$26,000 in addition to living expenses.

The VICE-CHAIRMAN: I do not want to start arguing with you again. I do not think that is called for, but the matter will be dealt with, the matter will be brought to the attention of the steering committee as soon as we are through with the Auditor General's report.

#### Item No. 98. "Liabilities."

Mr. FLEMING: On item 98, I have a question, Mr. Chairman. Paragraph 98 includes a statement that the balance sheet does not include accounts payable for goods received or services rendered but not paid for the fiscal year. In your report of the previous year, Mr. Sellar, you drew attention to two large amounts of money that had been paid during the fiscal year before the goods thereby being purchased or services rendered were in fact received or rendered. Have you found any cases of that again in your audit for the year 1948-49?

The VICE-CHAIRMAN: Gentlemen, order.

The WITNESS: Well, the only transaction I have referred to is in connection with the one department where they purchased a building and paid for it in the month of April before they actually got full possession of the property, before the title was passed. Is that what you are referring to, that sort of thing?

#### *By Mr. Fleming:*

Q. I have not got the accounts for the previous year, but my recollection was that there were two matters to which you drew attention where payment had been made before the goods were furnished or services rendered for which the payments were made.—A. You are referring to certain National Defence expenditures. No, National Defence corrected that. They did not repeat that.

Q. So there were no cases in the fiscal year 1948-49 where you found payment was made in advance of the due date in order to make the payment within the fiscal year?—A. No; I would have felt obligated to draw it to your knowledge if I had done so.

The VICE-CHAIRMAN: Item 99.

Item 100.

Item 101. Are there any questions on item 101?

*By Mr. Fleming:*

Q. I wonder if Mr. Sellar would give us an explanation in reference to item 101, post office savings banks, losses charged to the guarantee fund.—A. The situation is this, the post office savings bank operates under very antiquated machinery, that is, it was contemplated that the accounts would be maintained in Ottawa, so that you would have to make an application to Ottawa whenever you wanted to make a withdrawal. In other words it might take a week or two to get your money. Quite a number of years ago the government and Post Office decided that this should be modified, as it was a great inconvenience to people living a long distance from Ottawa. Local post offices which have the power to accept deposits for post office savings bank, may now, on the production of the deposit book, make withdrawals up to a certain amount. During the war a small racket developed, people having fraudulent passbooks or bankbooks would go from post office to post office, they would erase figures and then get withdrawals, but that has been largely stopped. In the particular year we are talking of now the total of the withdrawals was \$169, so it was not serious. There has accumulated a certain number of these fraudulent withdrawals which are in the accounts but should be out of the accounts; our view is that the liability should be reflected in the public accounts and we think it should be done by charging it off to an appropriation. That is the situation that developed but has now disappeared.

Q. In other words, you are satisfied the amounts are not recoverable? —A. There is no hope of getting any of it. It was a racket of some people who had no funds and never will have any.

Q. How long did that racket go on before it was stopped?—A. It was pretty well stopped shortly after the end of the war.

Mr. DREW: Do you think it was organized?

The WITNESS: There were one or two fellows who travelled from coast to coast.

Mr. FLEMING: Have the authorities caught up with those two individuals yet?

The WITNESS: My recollection is, yes, but I would not like to say that for a fact.

The VICE-CHAIRMAN: Mr. Bryce may have something to give us on that.

Mr. BRYCE: This is primarily a post office matter, but I made inquiries and I found that these items to which the Auditor General draws attention have been charged through the guarantee fund in the year subsequent to March 31, 1949.

The VICE-CHAIRMAN: What do you mean by the "guarantee fund", Mr. Bryce?

Mr. BRYCE: It is the post office guarantee fund.

The VICE-CHAIRMAN: What is that?

Mr. BRYCE: To which reference is made in this paragraph.

The VICE-CHAIRMAN: How is that required?

Mr. BRYCE: As you will notice on page 22 of the Auditor General's report paragraphs 84 and 85 relate to this fund. As the Auditor General points out, the fact that at the end of March 1949 these debit balances had not been charged out, understates the liability of the post office savings bank in the balance sheet of Canada. That matter has been rectified during the subsequent year. I am informed that the balance sheet coming out for March 31, 1950, will reflect the correction of this matter.

The VICE-CHAIRMAN: Item 102, gentlemen. "Active Assets".

*By Mr. Drew:*

Q. On item 102—either from Mr. Sellar or Mr. Bryce—I would like definite information covered by this because this is the item that really covers what I was referring to in my general question: revenue in arrears, and stores and equipment are not included in the statement of assets, with the exception of the stores inventories of the Department of Public Printing and Stationery and The Department of Transport. Have you the total figures of revenue in arrears?—A. No, sir.

Q. I mean is there any way of estimating on what scale it is?

The VICE-CHAIRMAN: What is revenue in arrears—Define revenue in arrears? Will you, Mr. Sellar, please, for us?

The WITNESS: I gather what Mr. Drew is wanting is money that has been owing for income taxes, corporation taxes, from any kind of taxes, or money due from the sale of property or anything by the government of Canada or for services rendered which have not been paid for. We include as revenues in arrears: if we had a defalcation, the amount that was stolen.

*By Mr. Drew:*

Q. It is not what I would include, it is what is included in this account. I use the term as used in your report where you say "revenue in arrears and stores and equipment are not included in the statement of assets". What I am asking is what figure this would amount to?—A. The only thing that we got is, with the exception of stores inventory of the Department of Public Printing and Stationery and Transport, these are the only two in the item. The King's Printer's account was \$406,000 and the Department of Transport account was \$2 million in round figures.

Q. That does not cover such departments as the Department of National Revenue?—A. No, sir.

Q. That figure would be very much larger?—A. Very much larger.

Q. Have you any idea of the figure? Would it be \$25 million or \$50 million?—A. I have never tried to bring them together.

Q. It seems to me in considering this whole question of whether payments in arrears should be shown so we may know what relationship they bear to those collected, that it is essential that we know how important these figures are. I should think that we as auditors of a certain type in this situation should be in possession—should see how important it is that we insist or do not insist that such a figure be included. Is there no way in which an estimate of that could be made?—A. Most of the departments, in fact all the departments, will have books of accounts setting out all those things. The big one would be National Revenue. Now, in our audit of National Revenue we see all of these things, we check to see how efficient they are in the follow-up. Then, there are certain accounts that departments believe they cannot collect for one reason or another; they apply to Treasury Board for permission to transfer them to the equivalent of a suspense account and if the Treasury Board is satisfied they cannot collect it that year, it authorizes them to put it into a suspense account, but simultaneously instruct them to bring it up a year later and make another report. Now, these receivables do not go into the balance sheet. We examine the procedure to see how efficient the department is in trying to collect them. We do not try to match the totals because we do not have to deal with the totals in the certificate.

Q. But let us take the case of the Department of National Revenue. Even if it may be accepted that it is not practical to continue an accumulating total of these outstanding amounts, there must be a total for the actual suspense account?—A. Oh, yes, they have totals.

Q. And that figure must be obtainable?—A. I would imagine it is.



Q. You have not got it with you? Could you get that?—A. You have to bear in mind this, the first Income Tax Act was a Corporation Act introduced by Sir Thomas White in 1917; he was then Minister of Finance. That Act was administered by Mr. Breadner. When Mr. Breadner became commissioner of customs he continued to administer this old Act. Now, there were a bunch of claims that Mr. Breadner had reached the opinion long ago he could never collect. They date back to before 1920, and they are still there. To put them up as a receivable, I think, would be a mistake.

Q. Quite.—A. The statute of limitations does not run against the Crown but our chances of collecting any money from them is nil. If you asked them for those figures the Department of National Revenue would give them to you but you would have to accept them with tremendous reserve, especially with respect to the old ones.

Q. My own opinion—and that is not evidence in any way—but my own opinion would be that there should be a process by which at a precise certain point they should be written back as figures that could not be in any way regarded as active figures in a suspense account; but as you say there is a suspense account in which there is a continuing attempt to make some collection.—A. Yes, but it seems to me that what you really need is to give the department some power to write off bad debts.

Q. Yes.—A. Because it is discouraging to a man who is trying to collect a bill when he can see all sorts of old accounts cluttering up his record. At the present time there is nothing in the statutes permitting that, and I do hope that there will be some legislation that will permit the departments to deal with that.

Q. That is the kind of information we want to have. You think there should be some statutory power giving the departments power to write off bad debts.—A. I am already on record in 1947 to that effect, and that has already been recommended to parliament by this committee.

Q. You will recognize I am a newcomer; I did not realize that you had dealt with that before. If that were done, I would assume that the suspense account that would remain could be regarded as an account that would indicate those unpaid balances; that, subject to whatever reserves would be set up for failure to collect, would represent an asset.—A. Yes, sir.

Q. And do you say at the moment there is no figure of that asset at all?—A. No, sir.

Q. I am glad to know that was recommended. I did not know that.—A. Oh, yes, and the departments are quite favourably disposed towards it.

The VICE-CHAIRMAN: We shall deal with it again.

Item 103 under "Active Assets".

*By Mr. Fleming:*

Q. I take it there will be a change made next year in the way of valuation for the following year?—A. I have not seen the balance sheet but I imagine it will be varied this year.

The VICE-CHAIRMAN: Item 104.

*By Mr. Fleming:*

Q. What Mr. Sellar indicates in his findings leaves me doubtful whether he is satisfied with the change which the Foreign Exchange Control Board has made.—A. The situation is this: you may recall that last year when I was before the public accounts committee I filed a memorandum in which I took exception because I thought the accounting application should include the amount unaborted since revaluation took place in 1946. Last winter the Foreign Exchange Control Board again brought their problems before the legal

officers of the Crown who then had a practical situation to review. They varied their opinion. I think they have given a first class opinion now, that everything is in balance and that everything is straightened away.

*By the Vice-Chairman:*

Q. I suppose you consider it is a first class opinion because you agree with it.—A. No. I think it fits into a practical application.

*By Mr. Fleming:*

Q. What about the Department of Justice?—A. The Department of Justice gave both opinions and the Foreign Exchange Control Board has to follow the Department of Justice. The accounts are now, I think, in a true state for the information of parliament.

Q. Having regard to the legal opinion?—A. Yes, having regard to the legal opinion.

The VICE-CHAIRMAN: Item 104? Shall item 104 carry?

Carried.

Item 105?

Carried.

Item 106?

*By Mr. Fleming:*

Q. I have several questions on No. 106. This matter of loans and advances to other governments totalled nearly \$2 billion at March 31, 1949. Does this represent all the outstanding loans and advances regardless of the nature of the authority for them?—A. Yes, sir. To the best of my knowledge as at that date, it does.

Q. It includes all war expenditures chargeable to these other governments as well as loans made during the course of the year, and trading loans made since?—A. Yes, sir. These loans and advances include everything to other governments.

Mr. BRYCE: I would like to point out that these are the formal loans. They do not include things which might involve a claim on another government not arising necessarily from a loan.

Mr. FLEMING: Is paragraph 111 an example of a claim?

Mr. BRYCE: Yes, 111. That is the item mentioned. Item 111 would be an example and I would point out that various departments themselves have operating arrangements, for instance, with a department of government in the United Kingdom, such as the Royal Canadian Navy with the Admiralty. There would be advances from one to the other, and there would be claims on one or the other which would not be recorded here in loans and advances on the balance sheet. Then I suppose we have claims outstanding under the Mutual Aid Act which have never been formally settled with various governments. You may recall the Mutual Aid Agreements made during the war, and any claims arising out of that, analogous to the United States Lend Lease Claims, and things of that sort.

Mr. DIEFENBAKER: Could you tell us roughly what would be the amount of the claims that have not been settled under Mutual Aid?

Mr. BRYCE: It would be difficult to say.

Mr. DIEFENBAKER: But what would be the amount, approximately?

Mr. BRYCE: There would be billions of dollars worth of goods supplied under Mutual Aid, of which the largest items would be those supplied to the

United Kingdom and to other armies and to other countries. Under some of those agreements Canada had the right to request the return of certain things. So those claims would not be included.

Mr. DIEFENBAKER: Approximately, what do they amount to as against Canada?

Mr. BRYCE: The expenditures?

Mr. DIEFENBAKER: Yes?

Mr. BRYCE: For the purchase of supplies, it would be billions and therefore technically speaking we are transferring billions in goods to these other countries; but how much claim we have on them at this time it is difficult to say.

The VICE-CHAIRMAN: Would they have off-setting claims against us?

Mr. BRYCE: In some instances they might.

Mr. FLEMING: There must be a gross figure of claims carried on the books of the Canadian Government somewhere?

Mr. BRYCE: No, sir, there is not. The Mutual Aid reports reflected the amount transferred to those various countries, and in those reports you will see copies of the Mutual Aid Agreements relating to those matters.

Mr. DIEFENBAKER: All that information is to be found in those Mutual Aid reports?

Mr. BRYCE: Yes.

Mr. STEWART: Do we include the money which was loaned to Roumania, or the loan to China of \$50 million? Why would the Roumanian loan be in there when it is apparently quite uncollectable?

Mr. BRYCE: There was apparently no formal action taken to secure the settlement of it or to write it off. The time when one takes action on these things depends on diplomatic circumstances.

The VICE-CHAIRMAN: I think that Mr. Sinclair has already got another trip mapped out for himself. I can see that happening.

Mr. STEWART: Does Mr. Bryce think there is any collectability in the case of the loan made to Roumania?

Mr. BRYCE: I would not want to make a definite statement on it without reviewing the facts again and considering the effect that any statement might have on the status of our claim. But it is evident that it has been in default for many years, and that the likelihood of collecting it is much less than it was before.

Mr. STEWART: Then what about the loan to Greece of \$6½ million?

The VICE-CHAIRMAN: Let Mr. Sellar answer, please.

*By Mr. Stewart:*

Q. Yes. Let us ask Mr. Sellar, the Auditor General, what he thinks as to the possibility of collecting it?—A. My answer is that I regard this as a very poor account and in view of the fact that the Minister of Finance has set up reserves of approximately \$175 million against the possibility, I regard these loans to Greece and Roumania as being two prime items provided for in the reserve.

Mr. FLEMING: What about that item of \$11,681,779.21 loan or advance to the Union of Soviet Socialist Republics?

Mr. BRYCE: That arises in two manners; a small loan was made to the U.S.S.R. under the terms of the Export Credit Insurance Act, and the details of it will be found in the Reports to Parliament made under that Act.

Mr. FLEMING: In what year was that?



Mr. BRYCE: It was made, I think, in either 1945 or 1946. I believe it matured this year.

Mr. FLEMING: There has been no interim instalment paid on account of it?

Mr. BRYCE: No; but payments of interest have been made when due.

Mr. FLEMING: The amount falls due this year?

Mr. BRYCE: Yes, around September of this year. I am speaking of course from memory.

The VICE-CHAIRMAN: And the account is in good standing at the moment.

Mr. FLEMING: But there is another one, is there not?

Mr. BRYCE: There is another one which arises from advances made on behalf of the U.S.S.R. for the purchase of foodstuffs and supplies for the Russian troops in the Far East, just immediately following the conclusion of hostilities in the Far East. Those advances were made in September and October of 1945. Definite terms of settlement with the U.S.S.R. were not arranged at the time because negotiations were still proceeding at that time looking towards a larger credit under the Export Credit Insurance Act, Part II. These negotiations never resulted in a large credit. Consequently we have taken up with the U.S.S.R. in recent years the question of settlement for the advances made at that time, and those negotiations are still proceeding through our embassy in Moscow.

Mr. FLEMING: How long have those negotiations been carried on?

Mr. BRYCE: For several years.

Mr. FLEMING: Has any progress been made?

Mr. BRYCE: Yes, sir.

Mr. FLEMING: In the case of that item of \$11,681,779.21 I take it there is some portion of it which still represents an unsettled claim. Is that correct?

Mr. BRYCE: Yes.

Mr. FLEMING: I rather gathered that all the items in paragraph 106 represented ascertained agreed loans and advances, whereas claims which have not been ascertained were to be found in other sections of the report.

Mr. BRYCE: Those two items for the U.S.S.R. are slightly different again. The loan made in connection with the Export Credit Insurance Act is quite definite as to its amount and as to its time and terms of payment.

Mr. FLEMING: How much was that one?

Mr. BRYCE: In the neighbourhood of \$3 million.

Mr. FLEMING: And there is about \$9 million in the second one?

Mr. BRYCE: Yes, \$8 million odd, I think. The second amount involved was definitely known, although there was a slight adjustment in the amount, when there was one small shipment diverted at the last moment. But while the general obligations of the U.S.S.R. were definitely established, the time and terms and conditions of payment were left to be settled by future negotiations. It is those negotiations which are still taking place. I should add that included were other expenditures made of course under the Mutual Aid Act in respect to the U.S.S.R. There may be more claims arising out of certain transactions there which are still not definitely ascertained in amount as well as in terms and time of payment.

Mr. FLEMING: Does the list you have given cover all the items of account or contra-account between Canada and the U.S.S.R. of a definite nature?

Mr. BRYCE: There were payments arising out of the transfer of the Petsamo Nickle property which I think were covered by an agreement with the U.S.S.R. I cannot speak as to the details of it; but in these cases the payments received by the government are transmitted to the previous owners of the mine in Petsamo.

Mr. FLEMING: Is that the only one?

Mr. BRYCE: It is the only one I can remember at the time; but I do not like to make categorical statements because we have a variety of transactions in respect to operating activities, and I would not like to say that none of them is outstanding.

Mr. FLEMING: Are there any contra-accounts on the part of the Soviet Union against Canada of which you are aware?

Mr. BRYCE: Not that I am aware of; but, of course, I would not claim to be aware of all the small ones.

Mr. FLEMING: In the case of the compensation to apply for the seizure of the Petsamo mine, I take it that the Government of Canada was a party to the agreement?

Mr. BRYCE: The money is payable in the first instance to the Government of Canada.

Mr. FLEMING: And then the Government of Canada pays it over to the—

Mr. BRYCE: To the previous owners of the property.

Mr. FLEMING: And who were they?

Mr. BRYCE: It was International Nickel.

Mr. FLEMING: They were the only people interested?

Mr. DIEFENBAKER: Have any advances or loans been given to the U.S.S.R. by the Export Credit authorities during the last three years?

Mr. BRYCE: I could not tell you off-hand whether the Export Credit Corporation has advanced any credits on shipments to the U.S.S.R. in that time, but apart from that there would be no power to make advances or loans, since Part II of the Act lapsed several years ago.

Mr. DIEFENBAKER: In 1947?

Mr. BRYCE: I think so.

Mr. HANSELL: In respect to the amount of nearly \$2 billion included in that item on the balance sheet under Active Assets, the third item is "Other Loans and Investments"?

Mr. BRYCE: Yes. If you look at the public accounts page 2, the main balance sheet, you will see the group listed as item 3-b and there is a detailed schedule given on page 16 of the public accounts.

The VICE-CHAIRMAN: Item 107.

Mr. FLEMING: In regard to this amount in 106 I suppose there is a variation going on in some of these accounts at the present time?

Mr. BRYCE: You mean payments are being made?

Mr. FLEMING: Yes.

Mr. BRYCE: Yes, sir. I could not tell you in detail just what transactions have been taking place since March 31, 1949; but many of these loans call for payment and of course the main loan to the United Kingdom is still open and advances are being made for it.

Mr. FLEMING: But it would be about used up by now, would it not?

Mr. BRYCE: Yes, sir.

Mr. FLEMING: Can you say how many of those loans are classified as in arrears? You would put Roumania and Greece in that category?

Mr. BRYCE: I hesitate to state from memory the status, for example, of the Chinese loan at the moment. But as far as I know it would be the only one.

Mr. FLEMING: Where credits have been taken by way of the purchase of property with the use of blocked currency, for instance, as in the Netherlands and Denmark? Are they reflected in these accounts or in claim accounts such as we have reference to in item 111?

Mr. BRYCE: Settlements in blocked currency have usually been made for claims of the nature of those referred to in paragraph 111 and not for loans or advances payable in Canadian dollars as these are.

Mr. FLEMING: Then none of these purchases of property by Canada through the use of blocked currency abroad would be reflected in any way in the figures, such as those in item 106?

Mr. BRYCE: No, sir.

The VICE-CHAIRMAN: Item 107? Item 108? Item 109?

Mr. FLEMING: As to 108, who is responsible for seeing that accounts are collected in connection with advances under the Export Credit Insurance Act?

The VICE-CHAIRMAN: Mr. Sellar might answer you.

The WITNESS: I am not so sure that I am the right person. I think it is the Minister of Finance; but it may be that the Export Credit Corporation is regarded by the Minister of Finance as an agent.

Mr. BRYCE: Part II of the Act is administrated by the Minister of Finance and the Department of Finance, and the Act does give the minister authority to make use of the Export Credit Insurance Corporation as an agent, if he sees fit. The Department of Finance has administered those loans and the collection of them, with, of course, appropriate assistance from the Department of External Affairs and the Department of Trade and Commerce, in so far as their activities relate to representations abroad or to assistance in purchasing and similar matters.

*By Mr. Fleming:*

Q. I am not clear as to the relationship between these figures having regard to the \$17 million mentioned in the first sentence and the sentence to the effect that repayments of principal total \$18 million. What is the significance of the first sentence? Would you say that the advances include interest? Advances by whom or to whom?—A. That would be accrued interest owing by various governments in connection with advances made to them and formally placed in that loan category and capitalized.

Q. That is capitalization. Under what circumstances would capitalization be made of accrued interest?—A. I am trying to find an example for you but I cannot give you one. Can you do so, Mr. Bryce?

Mr. BRYCE: These advances were made under agreements that normally left the borrowing government a period in which to draw upon the loan and use it for purchases. Interest was normally charged on those advances during the period advances could be made, and the interest during that period—what we might term the borrowing period—was normally accumulated until the end of that period and the accrued interest at the end of that period was added to the capital amount of the debt.

The VICE-CHAIRMAN: Item 109? The same thing? Item 110? Item 111?

*By Mr. Fleming:*

Q. With respect to the Danish credit in item 110, the reference is that it represents partial settlement of Canada's claim. Are we on the subject of the purchase of the embassy property there, Mr. Sellar?—A. As far as I am concerned, it was just "receiving money". I am just noting that it was received. And the same with respect to money from Spain. How they financed the embassy property might or might not be allied with it.

Q. You proceed simply on the authority of the orders in council in matters of that kind?—A. For our purposes.

Q. Yes.—A. First of all, we watch to see that the entries for the balance sheet are reflected by transactions; and having done that, we come to the



expenditures and we look primarily to the records of External Affairs and to the Governor in Council for authority for the purchase of any property with the use of this money.

Q. This gets back to your recommendation in connection with legislating by means of items in the estimates. Is that not upon all fours with the subject?

Mr. SINCLAIR: No!

The WITNESS: The primary reason for the paragraph was the receipt of the money from Spain. I thought you might be interested in knowing how it arose. The Government of Spain agreed with the big powers that after it disposed of German property in Spain, it would allocate the money around. Canada, I think, got a 3·8 per cent share of it. So we got that much money in Spain. It was just found money to my way of thinking.

*By Mr. Fleming:*

Q. There was no blocked currency?—A. No. It was Spanish currency.

Mr. SINCLAIR: There was no way of showing that in the estimates of the year before because it was unexpected. Item 111, since it was a formal loan or advance beyond recovery at the time of the explanation, it was very doubtful and I do not see how a loan could be carried as a claim or a rather doubtful item.

Mr. FLEMING: I thought this was getting back to the payment of the \$1 item?

Mr. SINCLAIR: Well, it is not.

The VICE-CHAIRMAN: Any questions on item 110?

*By Mr. Fleming:*

Q. What use would be made of that credit for Spain?—A. At the end of that particular year it was lying there to the credit of the Government of Canada. I imagine it is still there.

The VICE-CHAIRMAN: I think there was quite an elaborate statement made about it in the External Affairs committee.

Mr. FLEMING: On Spain?

The VICE-CHAIRMAN: On blocked currency generally.

Mr. FLEMING: I do not remember anything being said about Spain.

*By Mr. Gauthier:*

Q. How much money would it represent in our currency?—A. We received 3,100,000 pesetas, which when converted would amount to \$282,000.

The VICE-CHAIRMAN: Item 111?

*By Mr. Fleming:*

Q. Is 110 in the same position as 111, not reflected in the balance sheet?—A. No. 110 is in the balance sheet.

The VICE-CHAIRMAN: Item 111 is in.

Mr. FLEMING: Because it was ascertained.

The VICE-CHAIRMAN: Item 112. "Reserve for Possible Losses."

*By Mr. Fleming:*

Q. Item 112 "Reserve for Possible Losses". I notice that the auditor-general concludes the section with this comment:

The authority to effect a compromise may be a necessary incident of the conduct of litigation, but it is not explicitly granted by the Act, and this is the first transaction of the kind noted during annual audits.

Does that mean there has been no similar statement in all the time there has been an audit of public accounts?—A. The situation is this: Parliament has not given any general authority to write-off bad debts or the equivalent. This case arose during the year before the deputy minister of Finance made a write-down. He consulted the Department of Justice. The deputy minister of Finance in his part of the public accounts on page XXXI of his report, refers to this as being done on the advice of the deputy minister of Justice. During the war years the government assisted various coal mines to improve their property in order to get larger production.

One mine received an advance. The coal controller was very critical of the use that had been made of that advance. Ultimately there was trouble getting the money back and it was passed over to the legal officers for litigation. They issued a Writ of Extent. That is as far as the legal proceedings went. A successor company to the company that had got the advance offered to pay \$10,000 in settlement of a claim of roughly \$20,000 and the law officer decided that rather than fight the case through, having the cost of litigation in view, and the risk of failing to win, decided that it was good business to take the \$10,000 in cash and close the account. Now, had there been a judgment of the court there would have been no doubt in our minds that it would be written off, but in this particular case there was no judgment of the court, however the Department of Justice is of the opinion that it has the power under this particular section of the Department of Justice Act, but as it was the first time that we ever observed that power exercised we thought we should bring attention to it. It is a question of law. We are noting it, but we leave it to the lawyers.

Q. You are not undertaking to say that the department did not have the power to do that?—A. No.

*By Mr. Sinclair:*

Q. If the department did not have that power that would mean that every case involving the Crown would have to be fought through to a judgment and that would be absurd?—A. That is the situation today, sir. Our books are cluttered up with old accounts that cannot be collected. That is what I was suggesting earlier, that we should have a way to clean that stuff up. I am not critical of writing this off, but here is a new method employed to do it. As I say, the only legal step taken was to issue a Writ of Extent.

The VICE-CHAIRMAN: What happens, as Mr. Sinclair points out to us, is that the legislative portion has fallen down a bit, and we ought to do something about it. The Finance Department is also concerned with it. I think it is a matter that ought to be dealt with by this committee very forcibly and as quickly as possible.

Mr. SINCLAIR: To clean up all these old book debts in each department would mean we would have to take to law to get a judgment in each case even though we could not collect?

The WITNESS: There is a mortgage on our books over a hundred and fifty years old; nobody can find the mortgage but the debt is still on our books.

*By Mr. Hansell:*

Q. To follow that question up respecting the legislative action. Should that not be done under present legislation? For instance, what I have in mind is some resolution, say, in the budget?—A. The convenient way, sir, would be to put it into the Consolidated Revenue and Audit Act. It is already in the Bankruptcy Act and so far as a bankrupt is concerned it can be done. If you just put a general power in the Consolidated Revenue and Audit Act you could have the controls as well as the powers.

Q. What I had in mind was that the writing off of any indebtedness should come before parliament yearly, and to put it into an Act giving the government authority to write it off would not do that.—A. Well, sir, years ago Public Account Committees met and went over the bad debts and spent months going over them. The last time they did it I think was in 1912, it may have been 1913 or 1914 but anyway that was the last time it was done, and frankly, sir, to do that you would cover a tremendous amount of paper in here and you would be bored stiff. I think the more practical thing is to have the government take the responsibility and present to you each year a statement of what action it has taken in writing off bad debts. In that way you would have the publicity necessary.

MR. SINCLAIR: You could challenge any one of them then?

THE WITNESS: Yes.

*By Mr. Fleming:*

Q. Except that it would be all completed before the committee ever saw that.—A. Governments are not anxious to write accounts off in a hurry, and only do so if there is no hope of collecting. It is afraid of being criticized or showing favouritism. You have always that safeguard.

Q. If we proceeded to do such a thing now, we would have to go back of 1912?—A. You would have to go back to 1912 but you would also be taking up a lot of accounts prior to that.

Q. There is quite a list they were not prepared to have written off in 1912?—A. A very convenient illustration is the aid to civil power in the time of strikes. You will find claims against various municipalities particularly in Nova Scotia and British Columbia and some in the Province of Quebec that have stood in the books for years and years and years. We will never get the money, and some of these date back of 1912.

MR. SINCLAIR: There are earlier ones too, that the committee of that time did not regard as hopeless, but are hopeless today?

THE VICE-CHAIRMAN: Before we leave this, I would say I think it is definitely a suggestion.

MR. FLEMING: It is linked with the suggestion Mr. Sellar made earlier in the morning.

THE WITNESS: In this case it is not by the minister but by the Department of Justice's legal opinion here. It is a legal question.

THE VICE-CHAIRMAN: This is a matter we will deal with before the committee. It is important.

Item 113. "Net Debt."

Item 114. "Agricultural Prices Support Act."

*By Mr. Drew:*

Q. In this paragraph you speak of the St. Malo shops and other miscellaneous property turned over to War Assets Corporation as surplus assets. What disposition has been made of these, do you know?—A. All that I have got, sir, is the note that I have taken from Dr. Clark, dealing with the item in his part of the report, where he says at page XXVI:

In addition there is a bookkeeping entry of \$2.2 million representing an amount previously carried for St. Malo shops property under Public Works capital (non-active) now transferred to consolidated deficit accounts. This is a contra-item and also appears on the revenue side under special receipts and credits.



That was transferred over to War Assets Corporation for sale, was it not, Mr. Bryce?

Mr. BRYCE: Yes.

The WITNESS: And he had to bring it back out of non-active to deal with it that way.

*By Mr. Drew:*

Q. In other words, it had been included as a non-active asset and it became active to the extent of being sold.—A. Yes.

Q. And for the purpose of carrying out the sale it became necessary to bring it back into revenue. Would there be many other cases similar to that?—A. No, not that year.

Q. Not that year?—A. No, every year there are a few similar ones to that. That was the big item that year.

Q. Was that disposed of during the period we are covering in the public accounts?—A. You mean by War Assets?

Q. Yes.—A. I would have to find that out for you, sir.

Q. Since I do not know where else we could look for it in the accounts, I would like to know.—A. I will find it.

The VICE-CHAIRMAN: 115, gentlemen.

Mr. FLEMING: Why does this appear as an item in your report, Mr. Sellar? You simply state the fact, you do not make any comment?

The WITNESS: No, the only comment is in paragraph 118, where I relate a very peculiar thing happened with the very best intentions on the part of everybody. You will notice there,—may I refer to paragraph 118, Mr. Chairman?

The VICE-CHAIRMAN: Surely.

The WITNESS: You notice that the government paid \$117,000 more than it expected to pay. What happened was this, they had to establish a standard, and the Order said for processing apples, apples were to be calculated on the basis of one barrel of apples for every case of apple sauce and concentrated apple juice.

What happened was that the apples were of a higher standard than expected and it took fewer apples to make a can of apple sauce, and fewer apples to make a can of apple juice.

The VICE-CHAIRMAN: They were not British Columbia apples, by the way.

The WITNESS: Ordinarily, the thing would have run in favour of the government but that particular transaction ran against the government, and it cost \$117,000 more than the government expected when it fixed the formula. There was nothing else to it, it just happened that way.

*By Mr. Fleming:*

Q. The error was in the formula, they under-estimated the value of the apple?—A. They under-estimated the value of the crop.

Q. That money went to the Nova Scotia Apple Marketing Board for distribution among the producers?—A. Yes, sir.

The VICE-CHAIRMAN: Items, 116 117, 118.

Item 119. "Distressed Canadian Nationals Outside of Canada."

*By Mr. Hansell:*

Q. Under this item, Mr. Chairman,—this might—be a rather general question, what would be the nature of assistance to distressed nationals abroad?

—A. A typical example, sir, would be a man, say he was a foreigner or a

naturalized Canadian, he came from some other country, and during the war his wife was still in the other country for one reason or another. He would come to the Department of External Affairs or Immigration and say, can you arrange to get some money to keep my people in that country. Say, it was an occupied country. The Department would take the money, arrange with the British or some other government which had a connecting link into that country and they would make arrangements and look after the financing, and in due course, would bill us. That is the sort of assistance. Or it might also be the case of some mariner who jumped his ship in a foreign country and the country concerned wanted to get him out of that country and we would be called upon to foot the bill.

Q. The amounts would not be large amounts individually?—A. No, sir.

Q. I suppose assistance would be on a personal basis, it would not be on matters of business failures or anything like that?—A. No, the bulk of the money would come from individuals like that or from religious orders getting their missionaries home.

*By Mr. Fleming:*

Q. Now, I have a question on item 117:

Out of a total of 676,004 units of processed fruit, 310,093 were donated to various government agencies, to hospitals, and to the United Kingdom government.

How many went to the United Kingdom government?—A. My recollection is that \$1 million worth were.

Q. Would that be the bulk of the 310,000?—A. I will quote from the annual report of the Department of Agriculture to give you that information:

The end of the fiscal year, 1947-1948 found the board in possession of a considerable quantity of processed apples which had been acquired under the support program for the Nova Scotia apple crop of 1947. They could not be sold in Canada except at prices that would have spoiled the market for producers in other provinces, and foreign buyers could be found for only part of the supply. Distribution of a portion of the stocks, therefore, was made in the Department of Veterans Affairs and other government services and to institutions such as hospitals, the receiver paying the cost of distribution only. The remaining stocks, consisting of some 187,000 cases of apple sauce, was given to the British Ministry of Food, which paid the cost of inland and ocean transportation to the United Kingdom.

Q. This was apple sauce, not the apples?—A. No, it was processed.

Q. You remember there was a quite a stir three or four months ago over the sale by the Ministry of Food over there of apples that had been donated by British Columbia.—A. It was not the Canadian government.

Q. That has nothing to do with this item?—A. No.

Q. This has just to do with apple sauce.—A. Yes.

Q. On these items 119 and following I would just like to ask a question in regard to the relationship between these and the matter that was before the Committee of External Affairs the other day. We were there concerned with a question of collection under an item that permits the Department of External Affairs to make certain advances for the purposes of repatriation of distressed Canadians abroad. Now, this seems to relate to a rather different fund. Is there some assistance given to distressed Canadians abroad quite apart from that one that is in the accounts of the Department of External Affairs?—A. What you have now before you is not money appropriated by the Govern-

ment of Canada but which has been sent in by individuals for the purpose of looking after certain people. It is a trust account. The reason this item is in here is because the department has construed the settlement with England as relieving the individual who had provided his money from bearing any part of the cost which the British government may have spent on that individual. We thought that it should have been a set-off against him. For example, let us say an individual sent in \$1,000 asking them to look after a person in southern Asia. We in turn asked the United Kingdom authorities to do that. They then spent \$500 looking to the needs of the individual recommended, but, by reason of the settlement of war claims, the adjustment of war accounts between the Canadian and United Kingdom governments, it was agreed we would never pay that \$500 to England. That was the set-off, you see. The department in applying this, has treated that as also extending to the individual who put up the \$1,000 and so they gave him back his \$1,000.

Q. The result of it is whether this claim against the United Kingdom government does reduce to \$500?—A. No, the United Kingdom claim against Canada, because they paid in advance.

Q. Yes, but has not Canada in fact written off \$500?—A. No. England has written off \$500 owing by Canada to the U.K. They dispersed in advance of receiving any money from us.

Q. Have they written that off completely?—A. Yes, by the 1946 agreement.

Q. Has any action been taken in the light of all this to see that the benefit of this transaction accrues to the government rather than to the individual?—A. The money has gone.

The VICE-CHAIRMAN: Has anything been done?

The WITNESS: We do not think it will happen again, but it happened.

*By Mr. Fleming:*

Q. How many persons were affected by this?—A. I cannot tell you; there must have been quite a substantial number.

Q. That was a pretty lucky break for them?—A. Yes, it was.

Q. It seems to me we were told by the Department of External Affairs that every effort is made to collect every cent that is advanced to distressed Canadians even after they come back here and try to re-establish themselves. But that incident in your view is closed now?—A. I think that is closed from the point of view of being able to do anything. The people got the money direct. They took it back in good faith. They left it to the government and the government saw fit to hand it back. I doubt if we could get it back from any individual. It is just one of those unfortunate things that happens.

*By the Vice-Chairman:*

Q. You say that the British government gave up its claim for money that it had spent. What is unfortunate about that?—A. I think the Canadian government should have got the benefit.

Q. I see what you mean.—A. I always have the viewpoint of the Canadian government in mind.

Q. But these were our own people here in Canada who were trying to be helpful to people in the war zone, is that it?—A. Yes, the war zone, or occupied countries of one sort or another.

The VICE-CHAIRMAN: Gentlemen, we have had a long session this morning. I will try to arrange a meeting for Wednesday.

Mr. DREW: Just before we adjourn. We will be coming into the "Miscellaneous Audits", I assume, very shortly after we resume Mr. Sellar's evidence, and I merely put this forward as a question as to whether it would not be desirable to have someone here who is in a position to give answers in regard



to these matters, in addition to Mr. Sellar. I am not wishing to break the continuity but it may save time by not having the necessity of calling witnesses separately in connection with these items later. I think it would be desirable to have officials posted, at least, in regard to the major items under each of these headings which obviously invite fairly general questions on which Mr. Sellar could not be expected to have all the information.

The VICE-CHAIRMAN: Yes, I think you are quite right, Mr. Drew.

Mr. DREW: I would particularly like to have someone here from the Canadian Arsenals and also from the Canadian Commercial Corporation. I would certainly want officials here other than Mr. Sellar.

—The committee adjourned.











*Canada. Public Accounts  
Standing Committee on, 1950*

(SESSION 1950

HOUSE OF COMMONS

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STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

TUESDAY, MAY 30, 1950

## WITNESSES:

Mr. Watson Sellar, C.M.G., Auditor General;  
Mr. R. B. Bryce, Assistant Deputy Minister of Finance;  
Mr. K. W. Taylor, Assistant Deputy Minister of Finance;  
Mr. B. J. Roberts, National Harbours Board.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950





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on

## PUBLIC ACCOUNTS

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*Vice-Chairman:* David Croll, Esq.

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| Ashbourne                         | Fleming                                  | Maybank                                |
| Balcer                            | Fournier ( <i>Maisonneuve-Rosemont</i> ) | Pinard                                 |
| Beaudry                           | Fulford                                  | Prudham                                |
| Benidickson                       | Fraser                                   | Richard ( <i>Gloucester</i> )          |
| Blue                              | Gauthier ( <i>Portneuf</i> )             | Richard ( <i>Ottawa East</i> )         |
| Boisvert                          | Hansell                                  | Riley                                  |
| Boivin                            | Helme                                    | Robinson                               |
| Brisson                           | Homuth                                   | Sinclair                               |
| Browne ( <i>St. John's West</i> ) | Johnston                                 | Stewart ( <i>Winnipeg North</i> )      |
| Cauchon                           | Kirk ( <i>Antigonish-Guysborough</i> )   | Thatcher                               |
| Cavers                            | Kirk ( <i>Digby-Yarmouth</i> )           | Thomas                                 |
| Cleaver                           | Langlois ( <i>Gaspé</i> )                | Warren                                 |
| Cloutier                          | Larson                                   | White ( <i>Hastings-Peterborough</i> ) |
| Cruikshank                        | Macdonnell                               | Winkler                                |
| Denis                             |  | Wright                                 |
| Diefenbaker                       |  |  |

*Clerk:* A. L. Burgess.

## MINUTES OF PROCEEDINGS

Tuesday, May 30, 1950.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Vice-Chairman, Mr. David Croll, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Balcer, Boisvert, Cauchon, Cavers, Cruickshank, Drew, Fleming, Fournier (*Maisonneuve-Rosemont*), Fulford, Fraser, Gauthier (*Portneuf*), Hansell, Helme, Kirk, (*Digby-Yarmouth*), Langlois (*Gaspé*), Larson, Major, Prudham, Richard (*Ottawa East*), Robinson, Sinclair, Stewart (*Winnipeg North*), Thomas, Warren, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. R. B. Bryce, Assistant Deputy Minister of Finance; Mr. K. W. Taylor, Assistant Deputy Minister of Finance; Mr. B. J. Roberts, National Harbours Board.

Mr. Bryce tabled a memorandum on items in the estimates of special legislative significance, which is printed as *Appendix A* to this day's minutes of proceedings and evidence.

The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Examination of Messrs. Sellar and Bryce was concluded on paragraphs 123 to 129, inclusive, of the said Report.

Mr. Taylor was called, questioned on paragraph 138, and retired.

Mr. Roberts was called, questioned on paragraphs 141 to 146, inclusive, and retired.

At 1 o'clock p.m., the Committee adjourned until Thursday, June 1, at 4 o'clock p.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Tuesday, May 30, 1950.

The Standing Committee on Public Accounts met this day at 11 a.m. The Vice-Chairman, Mr. David A. Croll, presided.

The VICE-CHAIRMAN: Gentlemen, we are on item 123 in the Auditor General's report.

Before we proceed I have here a memorandum for the Public Accounts Committee on items of the estimates of special legislative significance. This is produced as a result of a question asked by Mr. Drew; it is of some length, and I will table it. It will appear in the record of today's proceedings, members will be able to look at it and see what there is in it of interest to them. (*See Appendix A.*)

Mr. FLEMING: When will there be an opportunity of asking questions arising out of that? I take it that it is too bulky now to attempt to spend time on it?

The VICE-CHAIRMAN: I will talk to Mr. Bryce about the matter, find out what it contains, and let you know later.

Mr. FLEMING: Thank you.

The VICE-CHAIRMAN: Mr. Sellar is here and has an answer to one question asked yesterday by Mr. Drew.

### **Watson Sellar, Auditor General, called:**

The WITNESS: Yes, Mr. Drew asked to whom the St. Malo shops were sold and for what price? The city of Quebec was the purchaser and the price was \$500,000.

The VICE-CHAIRMAN: We are now at item No. 123. "Fisheries Prices Support Account".

Mr. FRASER: Is Mr. Sellar going to explain this?

The VICE-CHAIRMAN: Just ask questions.

*By Mr. Fraser:*

Q. On the latter part of this it states that the figures \$1,173,421 of working capital is an overstatement?—A. Yes, sir. The reason is that they did not offset gifts and their small losses against that. The situation was corrected last fall by parliament by vote 789 and the account is now in balance.

Q. The account is now in balance?—A. Yes.

*By Mr. Browne:*

Q. When you say now, you mean for the year 1949-50?—A. It is now in balance as far as this item is concerned. The deficiency is now made up.

Q. That is by an amount to the credit of the Fisheries Prices Support Board?—A. Yes, sir.

The VICE-CHAIRMAN: Section 124. "Government Annuities Account."

*By Mr. Stewart:*

Q. Has Mr. Sellar had information from actuarial sources as to the adequacy of the reserve in the government annuity account and, secondly, as to the up-to-dateness of the tables of mortality which are being used?—A. I am trying to think, sir. There were some adjustments made in the last year but I would have to find out more, unless Mr. Bryce could give you the information. The Department of Finance and the Department of Labour work in close co-operation. I know that the two departments have been negotiating this year to correct their differences with regard to interest and to get their accounts comparable.

Q. In your capacity as Auditor General do you consult with actuaries as to the accuracy of the reserve?—A. No; we take their reports.

The VICE-CHAIRMAN: Can you be helpful, Mr. Bryce?

Mr. BRYCE: Only to say, in connection with paragraph 125 that both the rate of interest applicable and the mortality tables have been revised in the past two years. They were revised having in mind getting them on a more currently valid basis. The method of calculating interest, to which the Auditor General refers, has recently been revised and the Finance Department has agreed with the Department of Labour on the method of calculation but I am sorry I have not got the details.

*By Mr. Fleming:*

Q. The final sentence of para 125 suggests that some further revision of the method of calculating interest is under consideration—that is apart from the reduction from 4 per cent to 3 per cent in the yearly compounded rate.—A. That is what Mr. Bryce has been referring to. The Department of Finance and the Department of Labour are now in agreement. The trouble was that the Department of Labour calculated the interest from the moment the payment was received by it; and the Department of Finance treated it from the beginning of the next month. That is just a difference in handing within the government, but they are now on common ground.

Q. That is all you have reference to in para 125?—A. That is right.

Mr. STEWART: I have not yet found out if the reserve is actuarially sound. We are told it is computed in part by the Department of Finance and in part by the Department of Labour but I am wondering if there is any actuarial report as to the soundness of the reserve. At a future meeting I wonder if we might be told what tables are used?

Mr. BRYCE: I am sorry that I cannot tell you what tables are used and when the last actuarial valuation was made.

The WITNESS: The table is the Mortality of Annuitants 1900-20, published by the Institute of Actuaries and the Faculty of Actuaries of Scotland known as "the a(f) and a(m) tables."

The VICE-CHAIRMAN: The Scotch part of it was for your benefit, Mr. Stewart. Do you want something further now?

Mr. STEWART: I would like to know if there is any actuarial report as to the soundness of the reserve?

The VICE-CHAIRMAN: Do you want someone to tell you the amount of it?

Mr. STEWART: No, but at some later meeting I would like to be told whether it is actuarially sound.

The VICE-CHAIRMAN: Mr. Bryce, would you get that?

Mr. ASHBOURNE: I would like to be advised regarding the trend of the demand for annuities? Is it on the increase or on the decline?

The WITNESS: I cannot give you a specific answer.

The VICE-CHAIRMAN: Can you give an answer Mr. Bryce?

Mr. BRYCE: Sales of annuities, I believe, fell off when the interest rate was reduced but I believe they have begun to move upward again.

Mr. ASHBOURNE: I happen to be on the Old Age Security Committee and I would like that information for comparison purposes.

The VICE-CHAIRMAN: The information can be made available.

Mr. BROWNE: On what page in the public accounts do we find this account criticized?

Mr. BRYCE: Mr. Ashbourne, do you want information as to the monthly sales?

Mr. ASHBOURNE: Yes, information on the last five years perhaps.

The WITNESS: This account is dealt with in summarized form on page K-17.

The VICE-CHAIRMAN: 125 has been dealt with. We will go to 126.

*By Mr. Fleming:*

Q. Mr. Sellar, would you enlarge on para 126? This looks to be one of those \$1 amounts in the estimates which have been an indication of a substantial payment?—A. This is a \$1 item, which I think is the quite proper use of a \$1 item. What happened was this. The department got out certain forms and undertook to give a last survivors annuity for a guaranteed period; and the conversion of last survivor annuity on death of one annuitant, an annuity based solely on the life of the survivor.

They got out forms and their agents sold contracts. Later a question arose as to the legality of the minister selling that kind of annuity. The Department of Justice ruled that he had no such authority but these people had purchased the contract in good faith and, therefore, to validate those that were already outstanding, this item was put in. It is for fair dealing of the people who purchased in good faith. The government has discontinued selling those annuities.

Q. I follow you on the principle but why do you say a \$1 item was needed to meet the costs of return of the moneys?—A. The reason was it was decided not to be public policy to issue that sort or type of annuity. Therefore, if you put it into the Act you were establishing that form of annuity. If you put it into the Appropriation Act just to cover the outstanding cases you would not be enacting continuing legislation which would encourage people to think they could buy that type of insurance.

Q. Why did it have to be a \$1? Could the amount not have been ascertained specifically?—A. They would not know at the time. You are never sure—when you have a joint annuity—you are not sure when one is going to die.

Q. It was not possible to make any estimates based on mortality tables?—A. No, you have the \$1 to get it before the Committee of Supply because this is a money resolution you are dealing with. They could not calculate absolutely what the amount necessary was.

Q. However, this is not a recurring item?—A. No, as I say, there are very few of them and they will disappear.

Mr. BROWNE: On page K-6 it gives two votes of \$1 each. Is that the same idea there?

The WITNESS: K-728 was a special case; 729 was also a special case. You see they refer to two individuals by name.

The VICE-CHAIRMAN: We will go to 127. "Permanent Services Pension Account".

Mr. STEWART: Can we take 128 as well?

The VICE-CHAIRMAN: Yes.



*By Mr. Stewart:*

Q. May I ask how this fund was administered? There seems to be a note from the Auditor General that he is not entirely satisfied with the administration?—A. The problem, sir, is this. It arises in connection with arrears for which service men are contributing. I will use the army as an example. The pay corps pays a man and make the deductions from him. The man is contributing for arrears as actuarially calculated and there may be errors made by the pay corps in making those deductions. There is a control account maintained in Ottawa but this control account cannot as yet be reconciled with the actual deductions being made by the pay corps in the field. The result is that when man is being retired or takes his discharge and is entitled either to a pension, or a refund of money, one has laboriously to go over all of the records which takes sometimes days or weeks, and delays payment to the individual. The net result is added administrative cost, but no loss to the individual. The aim is to try to get the control accounts in Ottawa brought up to date and the field accounts reconciled. That is the problem which has not been achieved yet and progress is slow. They were delayed in the hope that a special machine would help to clear that up but the machine has not been satisfactory.

Q. Have you made recommendations in the past about effecting this reconciliation?—A. We do not make recommendations but we complain to them because we are concerned about all awards.

Q. Do they pay any attention to your complaints?—A. Oh, yes; oh, yes; but things move slowly in the service forces.

The VICE-CHAIRMAN: Paragraph 129.

"R.C.M.P. dependents' pension fund".

Mr. FLEMING: Is there any reason for including paragraph 129 in the report, other than just as a matter of record?

The WITNESS: For information, sir. That is the only place where you will find it.

The VICE-CHAIRMAN: Yesterday, I suggested that our next meeting be held on Wednesday and then I found that Wednesday was caucus day for all parties and decided to hold it today. I was not able to get people from the Canadian Arsenals Limited, the Canadian Broadcasting Corporation, the Commercial Corporation, so paragraphs 130 to 137 will stand.

With regard to paragraph 138 we have Mr. K. W. Taylor here.

"Commodity Prices Stabilization Corporation, Ltd."

**K. W. Taylor, Chairman, Wartime Prices and Trade Board,  
called:**

The VICE-CHAIRMAN: We are on paragraph 138, Commodity Prices Stabilization Corporation Limited.

*By Mr. Fleming:*

Q. May we have a statement on this item from Mr. Taylor?—A. On the whole item?

Q. Mr. Sellar attaches a note saying "In addition to direct subsidies, some importers were subsidized indirectly by means of partial or complete relief from the payment of import duties and taxes on certain commodities under the authority of orders in council."—A. There were a great many orders in council passed during the war. I have not got with me complete papers but I have the last annual report of the board where they are listed, on page 86.

The VICE-CHAIRMAN: Would you identify that document?

The WITNESS: It is the Report of the Wartime Prices and Trade Board of February 1, 1947. That is the last published report and on pages 86 to 90 there is a list of orders in council passed, remitting in whole or in part duties on imports in connection with the administration of subsidies and price ceilings. In many cases, where we were subsidizing an import, and it seemed unnecessary and undesirable, to collect duty and increase the subsidy by the amount of the duty. Where there were no other complications of domestic manufacture and so on it was customary to have the duty remitted by order in council to all importers, and subsidies were reduced by that amount.

*By Mr. Fleming:*

Q. Remitted in the case of all importers?—A. Yes. There were no cases that I remember where the remission was to an individual importer. The order in council was passed, for instance P.C. 7021 of 1942, vegetable type fibre other than cotton, removing the special excise tax. In other words, that tax was completely suspended by that order in council for all importers.

Q. How does the Commodity Prices Stabilization Corporation stand now with regard to winding up?—A. We have no inventories; we are paying no subsidies; we make no bulk purchases; the staff is down to about 14; and they are engaged solely in a winding-up operation. For example, we cannot close a subsidy account until we get the final assessment from the income tax people. We still have quite a number of claims for shipping shortages against steamship companies, for example, as well as claims against us. It will all take time to adjust them and work them out. I cannot just say when the corporation's charter can be surrendered, but we are making progress in cleaning up these odds and ends. Six months ago we had about 150 or more company year-ends to get cleared with respect to income tax; but the number is now cut down to 50 or less.

Q. And after that you will be surrendering the charter of the corporation?—A. That would be a matter for the Governor in Council.

Q. There is no announced decision?—A. No, I do not think so. We are working on the assumption that we shall recommend the surrender of the charter as soon as the last file is closed, and I hope that will be within the year.

Q. You have referred to the report of the Wartime Prices and Trade Board, the last one to be made public up to the end of 1947?—A. Yes.

Q. The Commodity Prices Stabilization Corporation did not submit separate reports to parliament at any time, did it?—A. No.

Q. It was simply included within the scope of the Wartime Prices and Trade Board report?—A. That is right.

Q. Is it the intention of the Wartime Prices and Trade Board to put together or to compile a report which can be submitted to parliament soon?—A. Part of the trouble has been that with the rapid diminution of staff we simply have not had the time to put together a final report. Under the order in council the Wartime Prices and Trade Board is not actually required to make an annual report, but only to report as and when required or directed to do so by the minister. It would be the intention of the present chairman of the board to submit a final report when the thing is finally cleaned up, a report which would be of historical interest, if nothing else.

Q. Have you the date on which the 1947 report to which you referred was made public?—A. It was submitted to His Excellency by the minister on February 15, 1947.

Q. Do you happen to have any record indicating whether it was tabled in parliament?—A. I presume it was, but I do not know.

Q. You do not know? Was that in any sense a report for the year?—A. It was for the calendar year 1946 including all the important developments up to February 1, 1947.

Q. Was it the policy of those subsidiary corporations such as the Commodity Prices Stabilization Corporation to submit annual reports to the Wartime Prices and Trade Board?—A. No, not as such. They submit monthly reports of all their operations to the chairman of the board. The Auditor General, of course, has always sent a copy of his audited statement directly to the chairman of the board.

Q. You mean to the Chairman of the Wartime Prices and Trade Board?—A. Yes, and in addition to the minister.

Q. Apart from full reports, what about annual statements of these subsidiary corporations in a form suitable for audit? Were such annual financial statements prepared?—A. Yes. The Auditor General is the auditor of all the companies which were, so to speak, associated with the Wartime Prices and Trade Board.

Q. While they did not prepare annual reports, they did, however, submit annual financial statements?—A. There was of course the annual report to the shareholders.

Q. I see that Mr. Sellar is nodding his head at one point by which I take it he indicates that he audited the financial statements of these subsidiary corporations?

MR. SELLAR: You will find at page F-60 the financial statement of the Commodity Prices Stabilization Corporation Ltd., and you will find at page F-65 the balance sheet of the Canadian Sugar Stabilization Corporation Ltd., which was an allied corporation.

*By Mr. Stewart:*

Q. On page F-60, in the balance sheet of the Commodity Prices Stabilization Corporation Ltd., there is shown "Inventory of Commodities, at cost, as certified by the Management, Oils and Fats . . ." Yet the auditor tells us that the market value was probably substantially lower than that. Why was the market value not used in the balance sheet instead of the cost?—A. The market value was much lower. We have always carried our inventories at cost in our statement from year to year. It so happens in that particular year the inventory of oils and fats was the remainder of a very large inventory which we had operated with during the course of the war. Some of that for example was the tail-end, so to speak, the dregs of the tanks with respect to which we knew we could never realize anything approaching its full value. Moreover, might I say that we handled something between 500,000 and 600,000 tons of imported oils during the war and our total losses, which were partly subsidies and partly trading losses—the trading losses deliberately and consciously taken—amounted to something in the order of \$40 million, and that works out to something like, I think, 4 cents or 5 cents a pound on the average.

Q. The reason for my question is that in a general business you would put them in at cost or market, whichever was the lower.—A. At that time I think it would have been almost impossible to say what the market value of any oil was. The market was extremely confused. We were buying, for example, peanut oil in India at one price and on the other hand we were buying Belgian palm oil at another. There was no market in the sense that everything was a series of bulk purchases between the governments at the close of the war. It was our practice to carry all our inventories at cost.

Q. This question deals more with public accounts than with the auditor's statement, Mr. Chairman, and you may want to rule upon it. I do not very much care. But on page F-61 in the statement entitled "Statement of Subsidies paid for the year ended March 31, 1949" I see under the heading of "Subsidies—Domestic, Butter", which I gather was from Denmark, New Zealand and Australia, there were subsidies paid in the amount of \$872,923.55.—A. Yes.



That was an arrangement to import butter in order to meet a shortage that year. The negotiations and all arrangements for the importation of butter were handled by the Department of Trade and Commerce. Its distribution in Canada was handled by the Department of Agriculture in collaboration with the Department of Trade and Commerce; and it was agreed that we would reimburse the Department of Trade and Commerce for the final loss on their operations.

Q. You mean (if the price of butter went below the ceiling?) (to keep the price of butter at or below the ceiling?)—A. Yes.

The VICE-CHAIRMAN: I am reading from the Journals of the House of Commons for 1947. I see that the Hon. Mr. Abbott laid before the House the report of the Wartime Prices and Trade Board for the year ending December 31, 1946, including important developments up to February 1, 1947.

*By Mr. Fleming:*

Q. What was the date in 1947?—A. February 18.

*By Mr. Browne:*

Q. With respect to whale oil and seal oil, has it been disposed of?—A. Yes.

Q. Was there much loss?—A. A very substantial loss around \$600,000.

Q. And why?—A. It was sold to the trade—.

Q. Were there very few buyers?—A. I think some of it was exported, in fact a large amount was exported. The whale oil was largely exported to Belgium.

Q. It has all gone now?—A. Yes it has all gone now and it has been gone for some months.

*By Mr. Fraser:*

Q. You mentioned that you have 14 on your staff now? What was your staff a year ago?—A. I think about 70 or 80. I could look up the records. At the peak it was about 570.

Q. And the peak would be about 1944?—A. 1945 or 1946, after the war.

*By Mr. Fleming:*

Q. The purchases of this corporation are handled through one agency, are they not?—A. Yes. We had a bulk purchasing division which was administered under contract by a firm in Montreal, Harrisons and Crosfield (Canada) Limited.

Q. That purchasing was to channel all agency business through one firm, whereas previously it was done by a number of firms interested in that kind of agency business?—A. No. Harrisons and Crosfield (Canada) Limited administered our bulk purchasing division but they used the ordinary channels of trade and the ordinary brokers. I was not president of the corporation in the active stages. I took over about two or three years ago.

Q. Was there not some criticism of the selection of brokerage through just one agency?—A. I would not be inclined to agree with it.

The VICE-CHAIRMAN: We shall not go into that. Are there any further questions?

*By Mr. Fraser:*

Q. Was there a surplus of butter at the end of March 1949?—A. I do not know, sir.

Q. Was there not a considerable surplus at that time?—A. I do not know.

Q. With respect to the accounts proven to be uncollectable, were they substantial?—A. I think they are carried in our balance sheet on page F-60 at \$12,523.39.

Q. That was the total amount?—A. That was the total amount as of that date, yes, sir.

Q. Would that be from these different corporations?—A. A great many of them were small individuals. For example, a great many of them would occur through our consumers' milk subsidy where, after we checked up we might find that a small milk distributor had made an error in his calculation whereby he owed us \$3.48, but we might not find that out for a couple of years in some cases. I doubt if there would be many accounts amounting to as much as \$1,000.

Q. These would be mostly over-payments on your part?—A. Mostly over-payments on our part or occasionally an error whereby a farmer distributor included the milk that he consumed in his own family, which would be against the regulations. There were scores and scores which were not worth chasing up. We recovered a great many. Most people are honest, and when we would point out a mistake, they would pay up. But it was not worth while taking court action to collect, let us say, \$3.48.

*By Mr. Fleming:*

Q. These corporations handled some hundreds of millions of dollars of purchases during the war period?—A. Yes.

Q. Can you tell us off-hand what the total commission would be?—A. No. I think it was something in the order of  $\frac{1}{4}$  of 1 per cent, in one year it was .27 per cent. The Bulk Purchasing Division worked on a voluntary limitation of profit formula whereby they refunded to us any income earned over and above a certain amount in relation to their standard profits.

Q. But while the commission rate was being reduced, actually the bulk purchasing was increasing so much at the same time that the actual payments were not reduced?—A. I have not got the contract before me, but I think the general arrangement was that they got their out-of-pocket expenses and a commission at certain rates, and they refunded to us everything that contributed to excess profits in that division of their operations.

Q. Would it be very difficult to prepare a statement with respect to those commissions?—A. I would think not. I think we could prepare a statement, for example, of the gross commission earned, the expenses charged, the amounts refunded or not claimed, and the final payments.

Q. That would include the amount of these purchases?—A. Yes, it ran to hundred of millions of dollars.

The VICE-CHAIRMAN: That will be provided. Are there any further questions on this matter?

*By Mr. Stewart:*

Q. Under what situation would there be a remission of customs duty and excise tax?—A. As I said a while ago, I do not recall there ever being any individual remission. They were all by order in council. They were published at the time and the list in the last Annual Report of the Board covers fully four pages, giving each order in council, the date it was passed, the commodity, and how far it went in the way of removal or remission.

*By Mr. Ashbourne:*

Q. What commodities are being subsidized now?—A. None, sir.

The VICE-CHAIRMAN: That exhausts Mr. Taylor's part in these proceedings. He was just interested in Item 138. Thank you very much, Mr. Taylor. That is all. You will give us that statement and we shall have it put in the record.

Section 141:

"National Harbours Board."

We have with us Mr. B. J. Roberts, a member of the National Harbours Board, who is here to answer questions for the committee in the absence of the chairman, Mr. Smith.

**Mr. B. J. Roberts, Member, National Harbours Board, called:**

*By Mr. Fraser:*

Q. I see there is the comment here that the Harbours Board fiscal year should be the calendar year. Why do you think that should be done?

Mr. SELLAR: For the reason that is stated there. You will find in the public accounts figures that do not exactly compare with the accounts shown in the National Harbours Board statements. Their fiscal year is the calendar year and public accounts are based on the government fiscal year with the result that you will find certain transactions for January, February and March in the public accounts which are not in the National Harbours Board figures; the figures do not tie in. That would be the reason.

Mr. FRASER: And you would cover an extra three months in the public accounts?

Mr. SELLAR: In the public accounts, yes, but the expenditures would not be large.

The VICE-CHAIRMAN: Item 142:

*By Mr. Fleming:*

Q. I see this paragraph 142 refers to the fact that the agreement with the city of Montreal with respect to the Jacques Cartier bridge is now the subject of litigation. Has the case been settled yet?—A. In the first proceedings the crown was successful but I understand there is to be an appeal.

Q. What was the judgment?—A. Judgment was in favour of the crown for \$686,134.71 and interest—interest was \$108,485.16.

Q. Against the city of Montreal?—A. Yes.

Q. When was that judgment handed down?—A. On the 15th of March, 1950.

Q. And an appeal has been taken?—A. I understand an appeal is being taken.

*By Mr. Cavers:*

Q. How did the litigation arise? Did the city refuse to pay their share of the tolls that have been collected?—A. Going back to the inception of this bridge the federal government passed a statute amending the Montreal Harbour Commissioners Act which conferred powers on the Canadian government to guarantee bonds for the construction cost of the bridge. Simultaneously, the province of Quebec passed legislation authorizing the participation of the province and the city of Montreal in connection with aid towards meeting any deficit should the revenues not be sufficient, also granting power to the city of Montreal by amendment to its charter to make an agreement with the Montreal Harbour Commission to contribute such assistance—actually, in an amount not exceeding \$150,000 a year, for the first forty years of the life of the bridge.



After paying that from 1930 to 1944 the city decided that it was exceeding its authority under the power granted to it by the province and declined to pay any further and as a result we requested the Department of Justice acting for the corporation, to institute action before the superior court in Montreal and judgment was obtained in the amount referred to.

Q. Is the judgment against the city of Montreal and the province of Quebec?—A. The province wasn't sued, there was no suit against the province.

Q. What was the attitude of the province of Quebec, that they were not liable under the agreement?—A. No, by correspondence—the province didn't pay—an official wrote us, no doubt at the direction of his government, and said that in view of the controversy that had arisen between our Board and the city of Montreal the province of Quebec would similarly decline to pay. There was no actual filing of a statement that they would not pay, but they declined to pay at the time.

*By Mr. Fleming:*

Q. I was just wondering if you could tell us whether there is a time limit within which the appeal can be taken?—A. I think there is. You see, we do not actually carry on the litigation, it is carried on through the Department of Justice; but I am informed that an appeal is being taken.

Q. But this judgment represents complete success in the lower court?—A. Complete success, we got everything we asked for.

The VICE-CHAIRMAN: Mr. Boisvert, what is the usual time for leave to appeal?

Mr. BOISVERT: Thirty days.

Mr. FLEMING: Can it be extended?

Mr. BOISVERT: No.

The VICE-CHAIRMAN: In any event, your Board does not take care of litigation, that is in the hands of the Department of Justice.

The WITNESS: Yes.

The VICE-CHAIRMAN: On item 143:

Mr. DREW: Just a minute, Mr. Chairman, on item 142: That deals with revenues and disbursements. In the case of the operation of the various harbours have you a consolidated surplus or deficit for the operation of all harbours for the period covered by this report, up to December 31, 1949?

The WITNESS: That would be for our fiscal year ending December 31, 1948.

Mr. DREW: Very well.

Mr. STEWART: Page Z-103 gives the figures for revenue.

The WITNESS: I can summarize that for you: After paying all operating expenses and administration expenses there was an operating surplus of \$5,222,000. There were some income charges and there was \$1 million interest to the public, leaving a surplus of \$4,185,000 to be applied against depreciation and interest due the government; and after these applications were made, there was a deficit of \$2,042,353.

*By Mr. Drew:*

Q. To December 31, 1948?—A. Yes.

Q. Have you the corresponding figure for December 31, 1949?—A. Yes, it was considerably better, the corresponding deficit was \$1,493,517.

Q. I see, for instance, on page 61 of sessional paper 131, which is the statement for the calendar year 1949 on the operation of the harbour of Quebec, there was a deficit of \$15,611,166.99.—A. You mean an accumulated deficit.

Q. That is an accumulated deficit.—A. That is right.

Q. These are accumulated deficits?—A. Certainly. What I gave you before was the deficit for the year. I will just take a look at Quebec and give you the amount up to the end of that period.

Q. Yes.—A. I think you are referring to the accumulated deficit in the balance sheet—\$15 million.

Q. This is the accumulated deficit?—A. Yes, for the Québec operation to which you referred specifically, to the end of 1949.

Q. Well then, have you the figure that will show the deficit or surplus, accumulated deficit or surplus, to December 31, 1949; that is, the over-all operations?—A. For the harbours?

Q. Yes.—A. As shown by our statement—accumulated from the beginning of the present Board and prior to that, less the interest accumulated prior to 1936 which was cancelled as provided for in our Act—the accumulated deficit as shown in our balance at December 31, 1949, is \$34,102,778, of which \$30 million represents unpaid interest due the dominion government. However, I might add, if I may, that the deficit figure does not include an estimate of depreciation accrued prior to the date on which we took over.

Q. And so that the accumulated deficit would be in excess of that?—A. Yes, a great deal more.

Q. Greatly in excess of that \$34 million?—A. Of that \$34 million, yes.

Q. Of the \$34 million, yes; well, who fixes the rates that are charged?—A. The Board recommends and the Governor in Council ratifies.

Q. Is it possible for you to answer very simply the cause for the continuing deficit which has accumulated to this amount?—A. Yes. I would say it is the seasonal nature of the operations so far as the Atlantic ports are concerned and the river St. Lawrence ports; it is a seasonal operation actually for eight months of the year on the St. Lawrence—the investment charges are there all the time and staff has to be maintained in the quiet season, which makes the operation unprofitable from the standpoint of money but it certainly must be expected to justify itself from the standpoint of service to the national transportation system; and that is one of the reasons, although of course there are possibly other explanations—for instance a port like Quebec has nothing like the volume of traffic which you find in Montreal, it has not had a progressive increase in its traffic and it has had a considerable amount of money invested for a good many years in port facilities.

MR. LANGLOIS: I see that at Port Colborne for the year 1949 you show a surplus of \$193,930. Would you explain that for us?

THE WITNESS: Port Colborne is simply the government elevator there and that is the operating surplus. We are operating that as an agent of the crown and report to the authorities. There is no charge in there for interest or depreciation. We simply operate the facility and turn over to the government at the end of each year whatever profit is made on the elevator and if there is a loss we ask for a vote.

*By Mr. Drew:*

Q. In this sessional paper which I have before me I notice the difference in the charges between the ports of Montreal, Vancouver, Halifax and so on.—A. You will notice that Halifax and Saint John are practically the same for tonnage.

Q. I see, for instance, that the expenditure on dominion government account, for instance, on the harbour of Montreal is \$65 million and in the case of Vancouver \$24 million and in the case of Quebec \$30,865,000; and I notice in the case of Quebec the operation there shows a deficit on income in 1949 of \$917,000 whereas in Vancouver there is an income surplus of \$122,000 for the same year. I would assume that in relation to what you have said the fact that Vancouver is a year round port would have something to do with it?

—A. Yes, that has something to do with it. The crown owns in Vancouver a very considerable amount of water front property which it leases. I think we had over \$300,000 from real estate rentals out there, which is a very important factor in the improved financial situation, and at Quebec we have no corresponding rentals and we have I think in relation to the total investment very considerably reduced tonnage as compared with other ports.

*By Mr. Langlois:*

Q. In Quebec, you mean?—A. In Quebec, yes. If you will look at the tonnage figures of a port like Montreal, for instance, compared with Quebec, relative to size investment they are not proportionate trafficwise.

Q. But with regard to these expenditures in Quebec, can you tell us what they were and when they were made?—A. They were made, some of them, over a hundred years ago, from the very inception of the port, and they also include an investment of about \$10 million on the Wolfe's Cove Terminals which was built for a special purpose and has never been used to capacity.

Q. When was that built?—A. About 1929, in 1928 or 1929.

Q. Is the railway tunnel a part of this expenditure?—A. No, the tunnel is a railway project.

*By Mr. Drew:*

Q. Just take the method of accounting here, I notice, for instance, that in the statement of liabilities in connection with the port of Quebec that you have a replacement reserve of \$2,877,216.67?—A. Yes.

Q. I notice that the replacement fund is \$672,216.67; where is the balance?—A. There is no fund for it. There is a charge. Since the inception we have made an annual charge for depreciation—since the inception of the National Harbours Board—amounting to approximately \$200,000 a year. That is an amount which we would set aside from surplus revenue if we had any. If we had a deficit we would have to secure a vote by parliament. For a number of years parliament has had to provide the money to balance that operating account, but in those years when there was a surplus, the surplus went into this replacement fund. The balance sheet indicates the amount set aside and charged.

Q. I notice in this particular case the figures do not balance, that there is this replacement reserve of \$2,877,000—that is actually reserved?—A. Yes.

Q. Compared to \$672,000—A. The same would apply in connection with any other port where the income is insufficient to provide for the annual charges and if there is a surplus we set it aside in this reserve.

Mr. BOISVERT: In what year did you have your last surplus?

The WITNESS: In 1949 we had an operating surplus at Quebec, very little, to apply to depreciation or interest.

Mr. LANGLOIS: In answer to one of my questions I think you said the Wolfe Cove Terminal was built in 1929?

The WITNESS: In 1928 or 1929.

Mr. BOISVERT: 1928, that is right.

The VICE-CHAIRMAN: Mr. Hansell did you want to ask a question?

*By Mr. Hansell:*

Q. Yes. There is a surplus on the Second Narrows Bridge. According to revenue and expenditure there would not appear to be a great deal of difference but there is quite a surplus—\$149,000? Can you explain that?—A. That is the difference between the tolls collected and the operating and maintenance expenses, less interest on the balance outstanding of a loan made by the harbour



for reconstruction of the bridge. That operation is really a trustee operation on behalf of the Montreal Trust Company which represents the bondholders of the original bridge company, the Burrard Inlet and Tunnel Company.

Q. The revenues consist of tolls?—A. Yes, tolls.

Mr. LANGLOIS: In answer to another question the witness stated the expenditures in connection with Quebec, for example, were made more than a hundred years ago. A hundred years ago the National Harbours Board was not in existence. Does it mean that when the National Harbours Board was created they assumed the expenditures on the books then and they are taken into account here?

The WITNESS: The operation was similar to the amalgamation of one corporation with another. All the liabilities and assets of the previous corporations, which were separate ones, were assumed by the Board.

*By Mr. Drew:*

Q. But I understood you to say that as of 1936 there were no accumulated deficits carried forward; they were all extinguished at that time?—A. Interest only.

Q. Not the accumulated deficit?—A. No, nothing was done with regard to the book deficits, but accumulated interest as of the date of the formation of the National Harbours Board was cancelled in every case.

*By Mr. Langlois:*

Q. Following my last question, the older the port the greater will be the deficit shown on page Z-103.—A. I did not follow your remark.

Q. You said that the expenditures might have been made one hundred years ago and that they have been taken into account in the accumulated deficits shown here in this book. I say then that we can assume that the older the port the greater will be the accumulated deficit because there will be more expenditure covering a greater period of years than would be the case for new facilities or new ports that came into existence recently?—A. The deficit shown in the balance sheet is the deficit on current account accumulated year by year. It has nothing to do with the capital expenditure at all and it represents certain operating deficiencies,—either interest due the government on moneys expended by the government in maintaining the port, or the actual loss from year to year in the operation of the port—but not depreciation in full.

The VICE-CHAIRMAN: Mr. Langlois wants to know whether, with respect particularly to the port of Quebec, when you took it over in 1936 there was a large deficit which had accumulated at that time?

The WITNESS: Oh, yes.

The VICE-CHAIRMAN: Larger than it was in the case of other ports because it was an older port and there had been more time for the accumulations?

The WITNESS: Yes, because I think the facts are that for many years the port of Quebec has, with a few exceptions, never had earned surpluses over operating expenses.

Mr. FRASER: Are the tolls the same?

The WITNESS: Yes, the tariffs generally are the same. We have uniform tariffs in eastern ports.

Mr. BALZER: Is there anything being done to improve Quebec harbour? For instance, is the National Harbours Board doing anything special in that case to improve traffic at Quebec or at least improve structures there? It seems a sort of hopeless case with these tremendous deficits all the time?

The WITNESS: Our main function with regard to harbours is to see that we have the bets of facilities and that they are kept in proper condition. We are

doing everything we can to enhance the reputation of the port as a port of quick turn around, so that ships are directed to the port. There are other agencies like the stevedoring agencies, the representatives of the ship owners, the boards of trade, who are equally interested in the prosecution of the business through the ports. Actually, if another port has advantages in the way of cheaper transportation by rail, that port, on the basis of cost, will be attractive, other things being equal.

Mr. LANGLOIS: Are you in a position to say, Mr. Roberts, whether or not the operating deficits of Quebec have increased or decreased since the Harbours Board has taken the operation over?

The WITNESS: They have very materially decreased. You will find a statement in our annual report for 1949 on page 9. In 1935, the year before we took over, the deficit was \$315,000—that is operating deficit; in 1936 it was \$191,000; in 1937, it was \$124,000; in 1938 the deficit was \$49,000; in 1939 the deficit was \$22,000; in 1940 the surplus was \$180,000; the war activity had something to do with that. The list carries on down showing the other war years. In 1945 there was a surplus of \$146,000; then we revert to a deficit in 1946 of \$35,000; in 1947 the deficit was \$63,000; in 1948 the deficit was \$149,000; in 1949 the surplus was \$57,000. That is the record, and it is materially better than before the formation of the National Harbours Board when the deficit was \$191,000, and for the previous year it was \$315,000.

Mr. GAUTHIER: In fairness to Quebec and Three Rivers, I think I should say they are in a special position owing to the fact that shipping company interests are in going as far inland with the ships as they can. Many ships go by Quebec and Three Rivers as far as Montreal. That is why Quebec has not been receiving enough revenue to cover its deficit. The same thing applies to Three Rivers. In the summertime I think the revenue for Halifax and Saint John, N.B. is not as high as it is in the fall and winter.

Mr. BALZER: They get much more traffic.

Mr. GAUTHIER: In Three Rivers you have many ships going by without stopping.

The VICE-CHAIRMAN: Would somebody like to have Mr. Roberts' view on this?

The WITNESS: My view is that in the last analysis the people who are shipping goods direct them to ports at which they wish them to be embarked or disembarked. There are factors which have to do with the cost of getting goods to and from the seaboard and which determine the port of sailing or reception. There is no question about that. Of course, there are other factors entering into it. Sometimes there are better sailings from one port than another; more frequent sailings; variety of destinations of certain ships; the space needed by the shipper; and time is of the essence, a shipper may send his goods farther afield to get them delivered at destination more quickly.

Mr. GAUTHIER: I think it has been the plan of the Quebec City Council to try and get port franc—

The VICE-CHAIRMAN: Free ports?

Mr. GAUTHIER: Because they want more revenue, but the principle I advance is sound. All the pilots will tell you that every shipping company is much more interested in going as far inland as they can.

The WITNESS: A ship will stop anywhere that there is freight offered in paying quantity; a ship will not stop if there is no freight offered.

Mr. GAUTHIER: I have stated the general complaint of pilots on the St. Lawrence.

Mr. LANGLOIS: There is another reason for it, I would say. Many, if not the great majority of ship companies, are charging the same freight rates, whether they carry goods to Montreal or to Quebec? I had an example of that the other day.

The VICE-CHAIRMAN: Well, you have made a statement, let us have Mr. Roberts' views on it?

The WITNESS: I have no knowledge myself of what the charges are but I understand they would be the same to Quebec as to Montreal; that is on a trip from the United Kingdom, for instance.

Mr. LANGLOIS: They are the same even for local traffic.

*By Mr. Drew:*

Q. Could you suggest what can be done to encourage a greater volume of traffic into the harbour at Quebec?—A. I think the traffic to Quebec this year looks quite promising, and it is based upon the production of local industry sold for export and, to a certain pressure which has been placed upon shipping companies to call there when they have a tonnage of freight sufficient to justify their making a call, rather than passing, as has been suggested is the tendency.

Q. By whom are those positive steps being taken to encourage greater use of the facilities?—A. Well, they are being done mainly by people in the stevedoring business, who are called upon to quote on the cost of loading and unloading certain tonnages; they are being done by our traffic department, in so far as we can assist anybody who wants to use the facilities of the port of Quebec. We maintain a traffic officer and he goes around from place to place and is interested in assisting in any way in clearing up difficulties, and in giving information on the availability of our facilities, and the shipping services which are available in and out of the port of Quebec.

*By the Vice-Chairman:*

Q. I gather too that it is being done by the very active chamber of commerce in the city of Quebec and by the local administrative people?—A. Local organizations are very alive to the desirability of increasing traffic to Quebec.

Q. Would you say that the facilities in Quebec are excellent?—A. We have very excellent facilities there. Some of them are not in good repair. We have had appropriations over the last three years to put them in repair—I refer there to work deferred during the war—and apart from those matters we have very good facilities—as good as those of any other port not used to maximum capacity and not used for some part of the year.

Mr. DREW: Is there anything you can suggest from the point of view of parliamentary responsibility that can be done to extend the use of this great port?

The VICE-CHAIRMAN: Do not tell us to give you any more money; suggest something short of that?

The WITNESS: Well, I think we have in this country a policy of freedom as far as choosing the means of transportation is concerned. That being so, the further development of Quebec, it seems to me, must rest upon two factors: the production of goods that can be sent abroad; and the increase in local population and local business. Perhaps something should be done to develop coastal activities—and perhaps the development of the north shore will increase traffic a good deal. However, those things take time. As far as artificial means are concerned, I cannot think of anything that would assist.



*By Mr. Langlois:*

Q. When you say Quebec has very good and adequate facilities, I am inclined to agree with you as far as ocean shipping is concerned. There the statement is quite exact. However, have you ever considered facilities of the port as far as local traffic is concerned? You have to take into account the fact that Quebec has a tidal problem, with tides ranging between 12 and 17 feet. That is quite a disadvantage in the case of smaller ships. Loading and handling costs, the main charges, are increased. The inner basin of Quebec should be provided with another lock so the level could be kept standard and so that ships could go in and out of the harbour at any state of the tide. Has your board studied any facilities for increasing the traffic in that direction?—A. The inner basin is locked, but there would have to be a double lock to do what you suggest.

Q. Yes, a double lock?—A. I think that has been considered from time to time but, as far as we have seen it, and as far as our predecessors the Quebec Harbour Commission saw it, the expenditure would not be warranted by the traffic. I have no definite report on it but I know it is not considered necessary or advisable or that traffic would justify it.

Q. I can tell you that up to some fifteen years ago 75 per cent of the local traffic was sailing from Quebec. Quebec was the farthest point inland to which traffic on the St. Lawrence used to go. Now, I do not think Quebec is getting 10 per cent?—A. Well, the growth of motor traffic and good highways has caused that.

Q. I am speaking of water transportation only.—A. The volume of traffic is down due to good roads and the development of traffic.

Q. No, I mean that 75 per cent of the water transportation ten years ago was from Quebec and now not more than 10 or 15 per cent of it at the most is done from Quebec. Ships going to Montreal are charging the same rates as those loading or unloading in Quebec—just on account of the stevedoring loading and unloading expenses which are so much higher on account of this wide range of the tide.

MR. GAUTHIER: There is some advantage between the Quebec and Montreal wharves?

MR. LANGLOIS: In Quebec and Montreal, within limits of the Harbours Board you have the same tariff but in Montreal you have the additional advantage of using the canal system, along the Lachine canal, and the rate is one-third of what you pay in Quebec within the limits of the harbour.

THE VICE-CHAIRMAN: Gentlemen, let us get back again. This has all been useful information, but let us get back.

*By Mr. Fleming:*

Q. It is quite clear the Harbours Board in the case of Montreal and Three Rivers and Quebec is operating harbour facilities that are to a large extent competitive with one another?—A. To a certain extent competitive, yes. They always were competitive but the Crown provided the facilities.

Q. What does the Harbours Board regard as its proper function with respect to the increase in traffic to one harbour in a situation like that—in the face of competition?—A. Well the competitive factor will operate no matter what attitude we have. People will determine what port to use irrespective of what we say, even if we choose to say something; and I think generally speaking we would not interfere with the free choice of anyone to use one port as against another. Nor would any of our officers do that.

At times, when our facilities were being used to capacity at certain places, we have suggested that if traffic were diverted it would get more prompt handling at another port. That was done under wartime conditions, shortly after the

outbreak of war, but generally speaking we are not in a position to intervene with persons sending goods by any particular route, or to suggest one port as against another. They are all government ports and local interest in the development of a port is such that I do not think any government body should encourage or discourage the use of one port or another. I think our function definitely comes in when there is a choice of sending goods by Canadian ports as against any port other than Canadian.

Q. In the face of this competitive condition on the St. Lawrence river, then I gather your board is leaving it largely to the local interests, such as the municipal councils, the boards of trade, and others seeking to extend traffic using the port of Quebec vis a vis the ports of Montreal and Three Rivers?—A. I think the answer is that we are not doing anything in the way you suggest to encourage the use of one port as against another.

The VICE-CHAIRMAN: Mr. Fleming is not suggesting that.

*By Mr. Fleming:*

Q. In matters of that kind, your board, since it is operating harbours which are to some extent competitors with one another, leaves to local bodies and to Boards of Trade the matter of extending traffic. Take for example the harbour of Quebec?—A. Our local staffs will do everything possible to secure business for a port. They will assist in any way they can. While we would not suggest that we should use any pressure to direct traffic from one port to another, the local manager will do everything possible to get business.

Q. Is the efficiency of the local operation reflected in this financial statement?—A. Yes. Of course the turn-around depends on factors other than our own. The facilities for loading and unloading are handled by local stevedore organizations.

Q. You gave us some figures from the report which you have before you which I find it difficult to follow in relation to the summary of revenue and expenditures, surplus and deficit. I refer to page Z-103.—A. Yes, sir.

Q. Can you clarify that for me, please?—A. What is the paragraph?

Q. Page Z-103, at the top of the page; the figure, for instance, showing the Port of Quebec; revenue, \$710,567.30; expenditures \$1,832,099.52; and deficit \$1,121,532.22. You gave some figures beginning before the war and extending through the war which I understood indicated deficits on operations?—A. These expenditures here include interest and charges for depreciation or reserve.

Q. This is your total account, whereas before you were giving us simply the operations?—A. Yes.

*By Mr. Browne:*

Q. Where do you get your revenue?—A. From charges for our services; for example, the use of wharfs, sheds, grain elevators, terminal railways, cold storage warehouses, and leases on land.

Q. Have these varied, let us say, very much since 1939?—A. I shall answer you in parts. So far as the eastern harbours are concerned, the tariffs of harbour dues, dockage and top wharfage which are our main sources of revenue, for the use of wharves and sheds, have not been changed since 1938 when we revised our tariffs and made some increases. The cold storage warehouse charges have been increased in line with increases put into effect by private owner competitors. Our grain elevator charges have increased in line with increases approved by the Board of Grain Commissioners. Generally speaking, our charges have not been increased since before the war with the exception of two or three special terminal tariffs, terminal railway tariffs.

Q. The first lot has not been increased since 1938?—A. Yes.

Q. And you mentioned wharfage charges, storage and wharfage; is there any comparison with private concerns by which you can make increases? It seems strange that you should be charging the same fees now.—A. I think where there are competitive situations, they are not important except in Vancouver. Private operators follow our rates as far as the use of wharves and piers are concerned. In Montreal there are no private operators. In Quebec on the other side of the river there may be a few. I do not think they are important. In Halifax and St. John they are not important.

Q. In relation to freight rates, where do you stand in regard to these charges? —A. I do not think we have anything to do with them.

Q. You referred to an increase in 1938?—A. We have not increased our charges in the way that railway freight rates have been increased in the last year.

Q. Why have you not?—A. First of all, there is a very considerable resistance to increasing the rates. We have been able to maintain our relative position by reason of the increase in traffic. The volume has been important to us.

Q. That does not make allowance for depreciation and interest?—A. Our relative position has been maintained notwithstanding the increase in cost of operations because we have had increased volume. If we should lose that volume, then our relative position would be changed and we would not be in as good a position. The Board recognizes that one of its important functions is to make its operations as attractive as possible for shipping, and that it should not increase the charge unless it has to do so.

Q. Toronto and Hamilton are not here. They are run by Harbour Commissions?—A. Yes.

Q. How do their operations compare, let us say, with Montreal, Quebec, or Three Rivers?—A. I can only speak from general knowledge. I do not think they have increased their charges since before the war. In the case of Toronto there is a municipally controlled organization so far as financing is concerned, although they do operate under a Dominion Charter, and there are nominees of the dominion government on the commission.

Q. How do they compare with regard to profit or loss with your operations? —A. I do not think a comparison can be made because they differ so much. Their main charges derive from leased property, and from a cargo rate placed upon everything that comes into the harbour whether or not it goes to private wharves. I understand that the financial position at Toronto is improving and that over a period of years the municipality has put up a considerable amount of money by way of support of the Toronto Harbour.

Mr. FLEMING: That whole question is tied up with the development of Harbour lands, is it not?

The VICE-CHAIRMAN: Yes, the frontage.

*By Mr. Browne:*

Q. You mentioned the seasonal operations at Montreal and Quebec. Do Halifax and Saint John have opposite seasons?—A. Yes, for the great bulk of their traffic other than local and coastal trade.

Q. Do you reduce your staff during the off season in all these places?—A. To the extent it is practical to do so.

*By Mr. Prudham:*

Q. Mr. Roberts stated that in large part the deficit is made up of interest charges, unpaid interest charges. Could you say what rate of interest is charged?—A. 2½ per cent per annum. That was fixed in 1947. Previously it had been higher.



*By Mr. Langlois:*

Q. Are your rates for top wharfage, harbour dues, and rental on sheds or lands uniform throughout Canada for all harbours which come under the National Harbour Board?—A. No. The St. Lawrence and eastern ports are uniform. Vancouver is not similar, not exactly similar. Churchill is not the same. Otherwise all the harbours are the same.

Q. You say "St. Lawrence River". Does that include the Atlantic coast?—A. St. Lawrence River, Halifax and Saint John are all uniform.

Q. And Churchill is separate?—A. We maintained the tariffs in effect when we took over.

Q. Are they lower?—A. Slightly lower.

Q. And what about the west coast?—A. They are based on the competitive situation in the ports to the south.

Q. Oh, yes, south of the border; and they are those which we inherited when we took over. Are these rates occasionally revised?—A. Yes. They are under revision all the time. We have numerous charges which are not covered by harbour dues, such as rentals on properties, storage, and so on. We try to adjust them to meet current competition. But the basic charges have not been changed, generally speaking, since before the war.

Q. Your top wharfage rates bear no relation to the freight rates. In the case, for example, of ocean freight, for which the rate is much higher, let us say, in the vicinity of \$45 to \$50 a ton, you charge the same top wharfage as you would charge on local freight for which the rate would be something like \$2 a ton. For example, your commodity rate in Montreal, I think, is something like 40 cents a ton. On freight charge of \$2 to \$2.50 that is quite an increase, when the shipping company has to pay for rail and wheel competition; but it is not so much when the same rate is charged on freight rates of \$45 to \$50.

The VICE-CHAIRMAN: Let him answer.

The WITNESS: We are providing the same facility. Whatever the destination. I do not think we should discriminate, for instance, by charging more for goods going to Australia than to the United Kingdom, but the basis of the freight rate would be higher. Some difference is made with respect to coastal traffic. Along the St. Lawrence River I think we have an average rate of 25 cents per ton which has been in force for a great many years, as compared with a maximum rate which might apply to individual commodities of up to 45 or 50 cents a ton.

*By Mr. Langlois:*

Q. Along the same line, and having in mind the Harbours Board, is there an effort to encourage shipping and to see that these harbours get more revenue? Would it not be good policy to consider this angle to get more local traffic for your harbours?

Mr. GAUTHIER: Policy!

The VICE-CHAIRMAN: They provide the facilities and then the rest is up to the people. That is what he says.

*By Mr. Langlois:*

Q. Are those rates fixed by the board?—A. Our rates are fixed by the board and are put into effect only after approval by the Governor in Council.

Q. My question may be worded differently. Would the witness consider that reduction of the tariffs could be taken into account when making recommendations?

The VICE-CHAIRMAN: No, Mr. Langlois. That decision lies with the responsible minister. The minister responsible in this case is the Hon. Mr. Chevrier. You know him very well and you could discuss it with him profitably, perhaps, but I do not think you should try to discuss it with this witness.

*By Mr. Stewart:*

Q. I notice there are substantial amounts of interest charged to the national ports on loans which were received. For example, in the case of Vancouver it appears that almost \$700,000 was charged in 1947, that \$800,000 was paid; in 1948 that \$683,000 was charged, while \$1 million was paid. Why should they pay more money than the interest charged? I take it the money was to pay for some arrears?—A. That was the purpose, to make up arrears.

*By Mr. Drew:*

Q. Having regard to a comparison of the statements in the case of the harbour at Quebec and in the case of the harbour at Churchill, I find in the case of the harbour at Quebec there is an interest charge due to the dominion of \$765,493.34; and that there is an additional \$200,000 reserve for replacement, which makes a total figure of \$965,493.34 under other income requirements, in excess of the amount of the deficit. In Churchill the sum of \$999 odd is set out for interest and nothing for reserves for replacement which seems difficult to understand, because the capital obligation is very substantial as well.—A. The explanation is this: that that interest charge of \$999 represents interest on such amounts as have been advanced by the government only since formation of the National Harbours Board.

Q. You mean the \$999?—A. It represents interest on such amounts as we have borrowed from the Dominion Government since the Harbour of Churchill was transferred to us for administration. Previously it was administered by the Department of Transport, and no debenture obligation was ever set up with respect to the Harbour of Churchill. We are simply operating it as a trustee for the government. The situation differs in respect to the other harbours. The other harbours were previously existing corporations and their obligations, under our Act, were transferred to us. Subsequently the government directed to operate the elevators at Port Colborne, Prescott and Churchill. There is no interest obligation set up. We have directions from the government to operate them, to turn any profit over to the government, and to recover any loss. It is a lopsided statement in that respect, and we have to put a note in our report each time.

Mr. STEWART: I would like to direct my question to the Auditor General. There is in the public accounts apparently matured interest which is unpaid amounting to \$28½ million. Is this amount collectable, and are there reserves set against it? I am referring to page Z-104, at the bottom of the page.

Mr. SELLAR: Pardon me, but would you be good enough to repeat your question. You were referring to something which I did not prepare.

Mr. STEWART: The question is: there is "matured interest unpaid" extending over some years, amounting to \$28½ million. Is it the opinion of your department that this interest is all collectable, or should there be a reserve set up against that which is not all collectable?

Mr. SELLAR: Well, I could give you an accounting reply, but I think you want a practical reply. I think it should be wiped out altogether because you have no hope of getting it. The ports can never make enough money to meet it.

Mr. STEWART: Have you any idea of how many items such as this are in the public accounts which should be written off?

Mr. SELLAR: No, sir. This is an unusual case in respect to the National Harbours Board. It is covered by the special Act. The matter has been discussed before: What is the real place of the national harbours in the transportation economy of the country? Should they be regarded as ports which should try to be self-supporting, or should they be linked together as part of the national fabric in connection with transportation? That is purely a question of policy over which, as an accountant, I never have had to worry about.

*By Mr. Cruickshank:*

Q. I would like to ask one question there, Mr. Chairman. In connection with page Z-103, there is shown a surplus of \$149,018.81 for Second Narrows Bridge. My question is: would that surplus be used to retire outstanding bonds, or would that go into the general fund?—A. The Second Narrows Bridge is operated by the National Harbours Board until such time as the loan in the amount of \$1 million is repaid. That loan was used to repair the bridge in 1934, the bridge having fallen in. The bridge was operated and owned by a privately incorporated company comprised of the surrounding municipalities. We financed the repairs of the bridge—I mean the Vancouver Harbours Board—and the time has now arrived when that debt has been liquidated and it will be up to the municipalities forming or controlling the corporation to determine when the bridge is to revert to the corporation.

Q. I am aware of that. My question was what happens to that \$140,000?—A. It would be used to pay off the outstanding balance of the loan to which I referred, the loan made to reconstruct the bridge.

Q. And that has to be paid to whom?—A. To the Vancouver Harbours Board, because the Vancouver Harbours Board financed \$1 million for the repair of the bridge—that was done through the federal government.

Q. And that amount will be used to pay off the balance of that loan?—A. Yes, and the bridge will be turned back to the municipalities, or the corporation concerned, once that loan of \$1 million has been repaid; and I may tell the committee that it has now been repaid.

Q. Then, Mr. Chairman, I would like to ask another question—you say that \$1 million has now been paid?—A. I say that it has now been paid—you were speaking about the accounts for 1949.

Q. But it has now been repaid?—A. Yes. That does not show in the account here, but I say it has now been liquidated. I am speaking as of now.

Q. So there would be no reason for the excessive tolls we have now?—

The VICE-CHAIRMAN: Now, George, that would be your opinion.

The WITNESS: The bridge reverts to the former owners when they want it.

Mr. LANGLOIS: Mr. Chairman, this committee has received suggestions that these huge accumulated deficits should be written off. I was just wondering if it would be pertinent to ask the witness if he would recommend that action?

The VICE-CHAIRMAN: Well, Mr. Langlois, Mr. Sellar discussed that with us yesterday.

Mr. LANGLOIS: Oh, I was not here.

The VICE-CHAIRMAN: That is one of the matters to which the committee was going to give consideration with a view to making a recommendation in its interim report.

Mr. DREW: Just in relation to that, Mr. Chairman, so that I may clearly understand it, on page Z-104, Mr. Sellar, there is a summary there of the loans and advances in respect of these various harbours, then there is a column showing the maturity and interest unpaid. As I understand it you have already expressed the opinion and are of the view that it would be wise to re-examine



the actual obligations as they stand and to regard the matured interest as a matter that definitely is not going to be repaid from the operating point of view; is that your idea?

Mr. SELLAR: My view is this, that the assets of each harbour should be re-appraised and taken at the real value, their actual value, you see.

Mr. DREW: Yes.

Mr. SELLAR: That has not been done. The revenue rates of a port should be matched against its capacity to pay interest, and then you would have something on which to work. For instance, you have been discussing previously the port of Quebec. Now, the port of Quebec will never be able to pay that debt. On the other hand, the port of Three Rivers has been a profitable port, one which rarely has a deficit and quite often has a surplus, Vancouver made a profit last year, and others have paid their interest; but, on the other hand, the port of Saint John had a bad year. Now, my feeling is that it is no good considering Rivers and Harbours as a source of income from investments, instead the practical thing is to treat them as facilities giving service. That is my personal view.

Mr. DREW: What I am thinking of is this, it would appear—take for example the harbour of Quebec—actually it would be a sounder practice not to have it carrying this heavy load of obligations which it can't carry and which gives the appearance of a heavy deficit which is really the result of accumulated obligations which perhaps bear no immediate relationship to the present capitalized value of the project.

Mr. SELLAR: But you can't take one port alone.

Mr. DREW: I am not suggesting that.

Mr. SELLAR: You have Chicoutimi, Saint John and ports of that kind.

Mr. DREW: I am taking that as an illustration. It would make it possible, would it not, for a port like Quebec, and for the other ports, to carry on on a basis which would be more encouraging?

Mr. SELLAR: Yes. It appears to me that we should take the actual current value and start afresh.

Mr. DREW: Is it not also true, in relation to your remark regarding these ports as part of one combined activity, that the two wars have themselves necessitated certain construction which perhaps creates obligations disproportionate to the picture in some of these ports?

Mr. SELLAR: That may be true. On the other hand, there is the port of Halifax, that would be one of the ones principally involved, where facilities were created, but are not listed in the harbour assets.

Mr. DREW: But take the port of Quebec as an example; part of their big capital investment was construction necessitated or carried on during the war, was it not?

Mr. SELLAR: No, I do not think so, sir. The heavy expenditure there was in connection with the Wolfe Cove development and that was back I think in 1928 or 1929.

Mr. LANGLOIS: In this interesting exchange between Mr. Drew and Mr. Sellar some reference was made to refinancing the debt of these ports in order to place them on a paying basis, otherwise it is not to be expected that they will ever be able to pay. Am I to understand that we now have a suggestion something along the lines of the suggestion made by Sir Henry Thornton regarding the C.N.R.?

The VICE-CHAIRMAN: Now, Mr. Langlois we were not dealing with that. We were all thinking of it. That would not be quite a proper question at the

moment. Now, while I am speaking, gentlemen, can we finish with these items from 141 to 146 so as to release Mr. Roberts—are there any more questions on these items?

*By Mr. Fraser:*

Q. Have you been asked to take over any of the harbours in Newfoundland at all, or has that been considered?—A. That is a question for the Governor in Council. Under our statute we are required to operate anything the Governor in Council turns over to us.

Q. You haven't been asked to take that over yet?—A. No.

*By Mr. Fleming:*

Q. On item 144, Mr. Roberts, it states: "The expenses of head office, Ottawa, amounting to \$180,827 were pro-rated among the various harbours, elevators and bridges"; what was the basis of the pro-rating?—A. In relation to the total operating expenditure and the total operating revenue, the total of that in each case in relation to the whole, it is pro-rated on the basis of the volume of business as represented by revenue and expenditure.

Q. Revenue and expenditure?—A. Total revenue and expenditure.

Q. Then what about elevators and bridges, how did they come into this picture?—A. There are the two toll bridges. At Vancouver there is the Second Narrows Bridge, and there is the Jacques Cartier Bridge at Montreal. Then there are the two elevators, at Prescott and Port Colborne—these elevators are outside of any of the harbours, we just operate them for the government.

*By Mr. Langlois:*

Q. Is it just the expense of the head office here at Ottawa which is charged?—A. We charge the cost of our central bookkeeping organization, our central engineering staff and our central secretarial staff; that expense is all charged back to the various harbours in relation to the volume of business of each harbour, the relation that each bears to the whole.

Q. And that adds to the deficits we see here?—A. They become an item of expense with respect to the unit concerned.

*By Mr. Fleming:*

Q. You include revenue and expenditure in arriving at that ratio?—A. Yes.

Q. Do you think that works out fairly in the case of a harbour like Quebec?—A. I think so.

Mr. FLEMING: I was going to ask Mr. Sellar if he has any observation to make on that, he mentions that in item 144. Have you any comment?

Mr. SELLAR: That is mentioned in item 144 because the Act provides that there should be separate accounts maintained for each harbour, and that headquarters cost should be pro-rated over these harbours. I put that in there just by way of information. Those amounts are pro-rated.

Mr. FLEMING: There is no recommendation?

Mr. SELLAR: No, sir.

Mr. CRUICKSHANK: It is not clear to me, it appears to me from this that the city of Montreal and the province of Quebec are behind in their payments and the expense placed on us, in other words, Vancouver is paying—

The VICE-CHAIRMAN: Now, George.

Mr. CRUICKSHANK: Vancouver is paying their debt and the province of Quebec and the city of Montreal are not and yet we are charged up with our full share of this. I see where the province of British Columbia and the city of Vancouver—is that all overhead?

Mr. SELLAR: No sir, if you will look at paragraph 142, you will see that we state there that the revenue of \$13 million includes \$94,000 from the city of Montreal—just using round figures—and a like sum from the province of Quebec toward the deficit on the Jacques Cartier Bridge. In other words, the National Harbours Board operates on an accrual basis, therefore the port of Montreal really paid actually more pro rata than if we had left out the money they didn't collect, so I don't think you need to worry about that.

Mr. CRUICKSHANK: That may be true, Mr. Sellar—

Mr. LANGLOIS: We have been paying for British Columbia all the time.

Mr. CRUICKSHANK: Not according to my mathematics—in that item 144, head office expenses are pro-rated, and that \$180,827 is pro-rated among the various harbours, elevators and bridges, and it would appear to me from that that although we pay our debts in Vancouver we are still being charged an equal share with these provinces and cities which are not paying their debts; is that not correct?

Mr. SELLAR: I would like to point out that it is the port of Montreal that is being charged on that basis—

Mr. CRUICKSHANK: But they are not paying.

Mr. SELLAR: Oh yes, they are, the port of Montreal is paying. You have to distinguish between the City of Montreal and the Port of Montreal. The Port of Montreal is carrying this. It is the City of Montreal that the judgment is against, not the port of Montreal.

The VICE-CHAIRMAN: Well then, gentlemen, we will consider items 141 to 146 inclusive disposed of and release this witness. If you want him back again he will be available. When we meet again next Thursday we will deal with the Northwest Territories and then we will start back on item 130.

The committee stands adjourned until Thursday.

—The committee adjourned.

OTTAWA, May 29, 1950.

#### MEMORANDUM FOR THE PUBLIC ACCOUNTS COMMITTEE ON ITEMS IN THE ESTIMATES OF SPECIAL LEGISLATIVE SIGNIFICANCE

In response to the request of the Committee for a list of those items in the Main Estimates for 1950-51 that have special legislative significance, I have reviewed the various Votes in the Estimates and endeavoured to list those which appear to fall into the following six groups:—

1. Votes that make exceptions to laws or extend their application.
2. Votes that provide in special circumstances for payments of a type that are usually provided in general circumstances by statute.
3. Votes authorizing agreements with provinces or special payments to provinces or municipalities not otherwise authorized by statute.
4. Subsidies to industry, agriculture, trade, or other economic groups or classes not otherwise provided for in statutes.
5. Nominal votes not covered in other groups.
6. Items classed as statutory in the Estimates which have been authorized by a specific vote in an earlier appropriation act.

I am giving below a list of the numbers of the Votes that appear to me to fall in these several groups. This list has been made up in the Department of Finance, without taking time for detailed consultation with the Department of Justice on the legal terms and aspects of this classification, but if a definitive



classification in these categories is desired, it would probably be worth while having the law officers of the Crown review the lists that follow and give evidence upon the matter. There appears to be some room for differences of opinion as to whether or not certain votes fall in these classifications. For example, I have included Votes 101 and 104 in Class 1, on the ground that these votes are not subject to the usual statutory restrictions on the purposes for which they can be used, and may be used to supplement the amounts in other votes.

I should like to emphasize that the Appropriation Act itself, of course, gives statutory effect to the provisions in the various votes in the Estimates, and the Department of Finance has regarded this as proper authority for making payments for which provision is made by items in the Estimates, even where there are no other statutes specifically authorizing such payments or determining the terms and conditions on which they may be made.

It will be clear from an examination of the categories given that they do not, of course, include items which simply authorize grants to organizations of one kind or another, such as the Boy Scouts, the Canadian Welfare Council or, the Victorian Order of Nurses, whether or not such grants are subject to regulations or terms and conditions laid down by the Governor in Council, nor do they include votes which authorize contributions to international organizations or to projects or programs covered by international agreements but not specifically provided for by statute. It also seems desirable to point out for clarity that there are other items in the Estimates not listed here which provide for the cost of Government operations or activities carried on under general powers of the Government, such as Departmental Acts, and not regulated in detail by other legislation. Examination of the Estimates indicates that there is great variety of degree in the extent to which the activities provided for under various items in the Estimates are controlled by the specific Acts of Parliament, and any line that one attempted to draw between those votes the application of which was controlled in detail by specific legislation and those which were not so controlled, would be arbitrary.

R. B. BRYCE.

1. *Votes that make exceptions to existing laws or extend their application*  
Agriculture—

Vote 26 (See also Group 4)

29

Civil Service Commission—

Vote 63

External Affairs—

Vote 66

71

Finance—

Vote 101

104

Governor General and Lieutenant Governors—

Vote 130

Labour—

Vote 164

Legislation—House of Commons—

Vote 178

Mines and Technical Surveys—

Vote 196

|                              |                        |
|------------------------------|------------------------|
| National Defence—            |                        |
| Vote                         | 202                    |
|                              | 203                    |
| National Health and Welfare— |                        |
| Vote                         | 239 (See also Group 4) |
| National Revenue—            |                        |
| Vote                         | 261                    |
| Privy Council Office—        |                        |
| Vote                         | 280                    |
| Public Works—                |                        |
| Vote                         | 356                    |
| Resources and Development—   |                        |
| Vote                         | 401                    |
| Trade and Commerce—          |                        |
| Vote                         | 430                    |
| Transport—                   |                        |
| Vote                         | 478                    |
|                              | 496                    |
| Veterans Affairs—            |                        |
| Vote                         | 538                    |
|                              | 540                    |
|                              | 552                    |

## NOTE

Each year the Supplementary Estimates tabled toward the end of the Parliamentary Session include items for both the Senate and House of Commons which make exceptions to the provisions of the Senate and House of Commons Act. For the first Session of 1949, the Further Supplementary Estimates (1) tabled September 28, 1949, provided:

*The Senate*

|     |   |          |
|-----|---|----------|
| 799 | To provide for the payment of the full sessional indemnity for the first session of 1949 to Members of the Senate for days lost through absence caused by public business, by illness, or on account of death. Payments to be made as the Treasury Board may direct .....   | \$ 5,000 |
| 800 | To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each Member of the Senate who attended the first part of the first session of 1949, which commenced on January 26, 1949, and ended on April 8, 1949, of an amount representing the actual transportation and living expenses of such Member while on the journey between Ottawa and his place of residence after the Easter adjournment of Parliament on April 8, 1949, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during that session ..... | 5,000    |

*House of Commons*

|     |  |       |
|-----|--|-------|
| 801 | To provide for the full sessional indemnity to Members of the House of Commons—days lost through absence caused by illness, official public business, or Order of the House, or on account of death during the first session of 1949— notwithstanding anything to the contrary in Chapter 147 of the Revised Statutes, 1927, an Act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the Treasury Board may direct ..... | 9,475 |
|-----|--|-------|

- 802 To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each Member of the House of Commons who attended the first part of the first Session of 1949, which commenced on January 26, 1949, and ended on April 8, 1949, of an amount representing the actual transportation and living expenses of such Member while on the journey between Ottawa and his place of residence after the Easter adjournment of Parliament on April 8, 1949, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during that session .....

15,500

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\$ 24,975

The first items for each House, Votes 799 and 801 as above, were repeated under Votes 587 and 588, respectively, in the Further Supplementary Estimates (3) tabled March 16, 1950, to cover the second Session of 1949.

2. *Votes that provide, in special circumstances, for payments of a type that are usually provided in general circumstances by statute.*

Finance—

Vote 86.

Justice (including Penitentiaries)—

Vote 141

147

149

Labour—

Vote 170

Legislation—House of Commons—

Vote 182

National Defence—

Votes 207-212 (incl.)

213

Royal Canadian Mounted Police—

Vote 408

409

410

411

Transport—

Vote 495

Veterans Affairs—

Vote 553

554

3. *Votes authorizing agreements with Provinces or Special Payments to Provinces or Municipalities not otherwise authorized by Statutes.*

Citizenship and Immigration—

Vote 62

Finance—

Vote 99

100

Labour—

Vote 157

159

160



National Health and Welfare—  
 Vote 239 (See also Group 1)  
 Resources and Development—  
 Vote 381  
       382  
       398  
 Transport—  
 Vote 486  
       505

4. *Subsidies to Industry, Agriculture Trade or Other Economic Groups or Classes not otherwise provided for in Statutes*

Agriculture—  
 Vote 21  
       26 (See also Group 1)  
       30  
       31  
       33  
       35  
       36  
       38

Fisheries—  
 Vote 128  
       129

Labour—  
 Vote 169

Trade and Commerce—  
 Vote 445  
       450

Transport—  
 Vote 476  
       521  
       522  
       526  
       527

5. *Nominal Votes not covered in Other Groups*

External Affairs—  
 Vote 67

6. *Items classed as Statutory in the Estimates which have been authorized by a Specific Vote in an earlier Appropriation Act.*

1. *Ministers' Motor Car Allowances—*

Vote 352—Main Estimates for 1931-32 provides—

“To provide for payment annually from the Consolidated Revenue Fund of the sum of \$2,000 to each Minister of the Crown charged with the administration of a department, the Solicitor General, and the Leader of the Opposition, and the sum of \$1,000 each to the Speaker of the Senate and the Speaker of the House of Commons, in lieu of motor cars and their maintenance, including chauffeurs, the acceptance of such sums not to vacate their respective seats in

Parliament; and to authorize the Governor in Council to appoint any person now employed in the Public Service as a chauffeur of a passenger automobile at Ottawa, whose position is abolished, to a vacant position in the Public Service, provided such chauffeur has been continuously employed as such for at least two years and that the appointment will be made at no higher remuneration than he is now receiving."—(\$42,000.00)

2. Citizenship and Immigration—

Pension to Mrs. Doris Ryckman—

Vote 450—Supplementary Estimates for 1936-37 provides—

"To provide for pension of \$35.00 per month for Mrs. Doris Ryckman until death or remarriage, and \$7.50 per month for each of her four children until they attain the age of sixteen years, such pensions to be effective from November 30, 1935."—(\$1,040.00)

3. External Affairs—

Annuity to Mrs. Helen Young Roy—

Vote 578—Further Supplementary Estimates for 1948-49 provides—

"To authorize payment from the Consolidated Revenue Fund to Mrs. Helen Young Roy, wife of the late Honourable Phillippe Roy, Canadian Minister to France, of an annuity at the rate of \$1,666.66 to commence on December 10th, 1948, and to continue during her lifetime or until her remarriage. Portion payable for the period December 10th, 1948 to March 31st, 1949, inclusive."—(\$515.20)

4. Justice—

Pensions to Mrs. Violet L. Jenkin—Mrs. Jean Laird Farrell—

Vote 73—Main Estimates for 1927-28 provides—

"To hereby provide for payment to Mrs. Beatrice Williams, widow of late Penitentiary Guard John Williams, Mrs. Violet L. Jenkin, widow of late Penitentiary Guard M. E. Jenkin, and Mrs. Jean Laird Farrell, widow of late Penitentiary Guard R. E. Farrell, of an allowance of \$600.00 a year each and so in proportion for any part of a year, to commence from the 1st April, 1927, and continue thence forth during their natural lives, respectively, such allowance to be paid monthly out of any unappropriated moneys forming part of the Consolidated Revenue Fund of Canada."—\$1,800.00)

5. National Defence—

Annuity to the Widow of the late Honourable Norman McLeod Rogers—

Vote 470—Supplementary Estimates of 1940-41 provides—

"To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or any other Act or Law, for payment out of the Consolidated Revenue Fund to the widow of the late Honourable Normand McLeod Rogers of an annuity at the rate of \$2,500 to commence from June 11th, 1940, and to continue during her lifetime."—\$2,014.00.

6. Resources and Development—

Payment to Yukon Council for subsidies and for compensation as authorized by Item 205, Appropriation Act No. 4, 1947-48—

Vote 205—Main Estimates of 1948-49 provides—

"Grant to Yukon Council—To authorize payments to be made from the Consolidated Revenue Fund in respect of each of the years 1948

to 1951, inclusive, to the Yukon Consolidated Revenue Fund in accordance with an agreement to be entered into by the Minister of Finance, with the approval of the Governor in Council on behalf of the Government of Canada, and the Controller of the Yukon Territory with the approval of the Council of the Yukon Territory, on behalf of the Government of the Yukon, such agreement to provide, on such terms and conditions as may be agreed upon, for payment for each such year of the total of amounts calculated on the following basis:

- (a) Grant in lieu of grants for support of Government and Legislature and other special grants, \$60,000.
- (b) Annual subsidy of eighty cents per head in respect of a population of eight thousand persons, being the estimated population for the year 1948, the first year of the proposed agreement, \$6,400.
- (c) Compensation to the Government of the Yukon in consideration of its agreement to refrain, and to require the municipalities in the Yukon Territory to refrain, from levying personal income taxes, corporation income taxes, corporation taxes and succession duties, as defined in the agreement, during each such year, the amount for each year to be computed in accordance with section four of the Dominion-Provincial Tax Rental Agreements Act, 1947, for which purpose the amount of the statutory subsidies is the amount set out in paragraph (b) and the guaranteed minimum annual amount is \$89,365, the estimated amount for the year 1948 being \$135,000.

The estimated total amount required for the year 1948 being"—\$201,400.00.

7. Transport—

Annuity to Colonel J. A. Cross—

Vote 907—Supplementary Estimates of 1948-49 provides—

"To authorize payment from the Consolidated Revenue Fund to Colonel J. A. Cross, former Chief Commissioner, Board of Transport Commissioners, or his legal representatives, of an annuity at the rate of \$4,800 payable monthly to commence on July 1, 1948 and to continue for a period of five years from that date."—\$3,600.00.

8. Veterans Affairs—

Annuity to Colonel John T. C. Thompson—

Vote 634—Supplementary Estimates of 1939-40 provides—

"To authorize payment from the Consolidated Revenue Fund to Colonel John Thomas Connolly Thompson, former Dominion Franchise Commissioner, of an annuity at the rate of \$5,000.00 to commence on his retirement from the position of Dominion Franchise Commissioner and to continue during his lifetime."—\$5,416.66.







Canada - Public Accounts Standing Committee No. 1352  
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(SESSION 1950

HOUSE OF COMMONS

Government  
Publications

A274  
1950  
No. 13  
STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

THURSDAY, JUNE 1, 1950

WITNESSES:

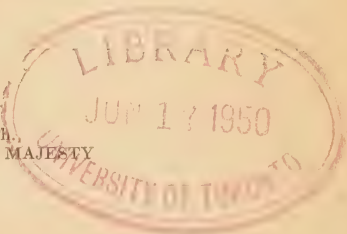
Mr. Watson Sellar, C.M.G., Auditor General.

Mr. M. W. Mackenzie, C.M.G., Deputy Minister of Trade and Commerce.

Major-General J. H. MacQueen, President, Canadian Arsenal, Limited.

Mr. R. B. Bryce, Assistant Deputy Minister of Finance.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950





## STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |                                |                                |
|-----------------------------------|--------------------------------|--------------------------------|
| Anderson                          | Fleming                        | Pinard                         |
| Ashbourne                         | Fournier ( <i>Maisonneuve-</i> | Prudham                        |
| Balcer                            | <i>Rosemont</i> )              | Richard ( <i>Gloucester</i> )  |
| Beaudry                           | Fulford                        | Richard ( <i>Ottawa East</i> ) |
| Benidickson                       | Fraser                         | Rilev                          |
| Blue                              | Gauthier ( <i>Portneuf</i> )   | Robinson                       |
| Boisvert                          | Hansell                        | Sinclair                       |
| Boivin                            | Helme                          | Stewart ( <i>Winnipeg</i>      |
| Brisson                           | Homuth                         | <i>North</i> )                 |
| Browne ( <i>St. John's West</i> ) | Johnston                       | Thatcher                       |
| Cauchon                           | Kirk ( <i>Antigonish-</i>      | Thomas                         |
| Cavers                            | <i>Guysborough</i> )           | Warren                         |
| Cleaver                           | Kirk ( <i>Digby-Yarmouth</i> ) | White ( <i>Hastings-</i>       |
| Cloutier                          | Langlois ( <i>Gaspé</i> )      | <i>Peterborough</i> )          |
| Cruickshank                       | Larson                         | Winkler                        |
| Denis                             | Macdonnell                     | Wright                         |
| Diefenbaker                       | Major                          |                                |
| Drew                              | Maybank                        |                                |

*Clerk:* A. L. Burgess.

## MINUTES OF PROCEEDINGS

THURSDAY, June 1, 1950.

The Standing Committee on Public Accounts met at 4 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Blue, Boisvert, Brisson, Cauchon, Croll, Denis, Drew, Fulford, Fraser, Hansell, Kirk (*Digby-Yarmouth*), Macdonnell, Major, Picard, Richard (*Ottawa East*), Sinclair, Thomas, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. M. W. Mackenzie, C.M.G., Deputy Minister of Trade and Commerce; Major-General J. H. MacQueen, President, Canadian Arsenals, Limited; Mr. R. B. Bryce, Assistant Deputy Minister of Finance.

The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Mr. Mackenzie and General MacQueen were called, questioned and retired.

Examination of Messrs. Sellar and Bryce was concluded on paragraphs 130 to 134, inclusive, 136, 137, 150 and 151 of the Auditor General's Report.

At 6 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Thursday, June 1, 1950.

The Standing Committee on Public Accounts met this day at 4 p.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, we have a quorum.

I understand that it was decided that we would proceed with items 130 to 134 relating to Canadian Arsenals Limited. We have with us the Deputy Minister of Trade and Commerce, Mr. M. W. Mackenzie, who is ready to answer questions; and, of course, we also have the Auditor General who will be with us for the completion of his report.

**Mr. M. W. Mackenzie, Deputy Minister of Trade and Commerce, called:**

*By Mr. Fraser:*

Q. Mr. Mackenzie, I see there is an authorized capital there of \$5 million, and it says that as of March 31, 1949, there was a balance in hand of \$2,536,000. Now, could you or Mr. Sellar tell the committee how much of that would be capital, how much of that total would be taken up?—A. Mr. Chairman, these figures represent the working capital fund of the Corporation. \$5 million was authorized but up to March 31, 1949 only \$2,500,000 had been drawn.

Q. Yes.—A. Subsequent to that date the balance of this working capital was drawn.

Q. It was all drawn?—but what were the sales?—A. It was all drawn out subsequent to this date, but these figures of course have no connection with sales, this is purely working capital of the company used in the operation of its business.

Q. But what I was getting at there is this amount of \$5 million; you say that has all been used up?—A. I did not say it was all used up, it is employed in the carrying on of the operation.

Q. Then item 133. The balance sheet statement refers to payments made by customers; who were your customers in 1949?—A. The customers referred to there were several commonwealth countries and I think the United States, who purchased certain munitions from Canada.

Q. Does that include the United States?—A. The United States is included.

Q. And South America?—A. I think not but China is also included.

*By Mr. Macdonnell:*

Q. Might I ask Mr. Mackenzie if he would comment on the observation made by the Auditor General in paragraph 131, particularly the last couple of sentences?—A. Yes sir. I find it difficult to agree with that recommendation, that these assets should be set up on the Corporation's books at suitable depreciated values, for the reason that there would be great difficulty in determining what were suitable depreciated values. The assets in question are machine tools and other assets acquired during the war which had an original cost of some \$90 million. In the ordinary course depreciation is the

means employed to amortize the cost over the useful life of the assets. In this case the assets were used during the period of emergency and they are being held against the possibility that they might be needed for use in the event of another emergency; but just what the proper basis of depreciation would be I would find great difficulty in determining. It seemed to us preferable simply to record that these assets are in existence and are held.

Q. Well then, may I ask you this: I notice it says there, "subject to a footnote on the balance sheet". Are these assets not included in the balance sheet total?—A. There is simply a footnote. In the ordinary course fixed assets held by an operating company would be included at appropriate values as assets in the balance sheet. In this case these fixed assets by reason of their nature are not so shown and there is simply a footnote at the bottom of the balance sheet to the effect that the company is holding assets of the crown which had an original cost value of \$90 million.

Q. Do these change from time to time? I mean, once they come into your custody do they stay there without depreciation—what if they are taken out?—A. If they were disposed of they would be taken out of that figure.

Q. Then perhaps I might ask the Auditor General too, I am wondering whether, perhaps, the Auditor General had something special in mind when he observed that these do change from time to time; and, if they are just taken out without any indication of their depreciated value, at what value are they shown in the assets as recoveries?

Mr. SELLAR: My view is simply this, sir, that there are these various assets—some are in use, some of them are standby—I believe every manufacturer had assets created during the war in connection with war activities. They are continuing to do business and have inventoried them. We have some of these which have not been taken in. We think these should be taken in too, to reflect the correct position; because from year to year these deteriorate, whether in use or not, and whether through use or disposal or just general obsolescence they go down in value; we think it will be more informative to parliament were Canadian Arsenals to list what they really think those assets are worth.

Mr. MACDONNELL: Would you suggest that they be inventoried and revalued?

Mr. SELLAR: No, no, there is no reason to go to any great expense. We are thinking of it in relation to the financial statement of this Corporation. We suggest that the financial statement is not true when it says that there is a book value there of \$90 million. We would like to see a practical figure used.

The CHAIRMAN: Would you care to comment, Mr. Mackenzie?

The WITNESS: It is just the difficulty of determining what the fair figure is.

Mr. MACDONNELL: Suppose you agreed—

The CHAIRMAN: Just a moment, please Mr. Macdonnell; would you allow Mr. Mackenzie to complete his answer?

The WITNESS: Here are assets which had an original cost. That is a known factor, and the original cost is noted. You could have ten different people appraise these assets and get ten different answers as to the fair value. The balance sheet is only intended to reflect that there are assets which are held, many of them in standby condition, that is in storage against the possibility of other emergency. Some of these no doubt will be obsolete by the time they might be used and it is, we felt, hardly likely that any appraisal would add anything to the information that is available under the present method. Any appraisal of these assets would be based on assumptions, and it would involve, to start with, quite a lot of clerical work in calculating the values and annually in writing them down.

*By Mr. Macdonnell:*

Q. If there was an arbitrary procedure, as someone suggests, it might be more practical. I think such a course would not involve any great amount of trouble. What do you think of the suggestion of establishing an arbitrary figure of value with respect to these assets?—A. I assume from this recommendation that it contemplates setting up some depreciated value with provision thereafter for some rate of annual depreciation arrived at on some arbitrary basis; this would mean that as there is an annual appropriation by parliament to cover the deficit on this Corporation's operations, if depreciation is put in then the deficit is increased and that involves an increase in the amount of the vote. There is also this to it, that it would not require cash because you have created a value through a straight writing up of values; again, we felt it would not add very much, it would merely be a bookkeeping entry, and it is extremely unlikely that one could get a figure which would mean very much.

Q. I am not so much interested in whether it is a surplus or a deficit operation, what I am thinking of is this, that if one were in ordinary business one would apply depreciation accounting and arrive at amounts which would take care of the depreciation of an asset or assets of this kind. I am thinking, for instance, of a company like Polymer.—A. You have a completely different situation in Canadian Arsenals than you have in Polymer. Polymer is an operating company and their fixed assets are properly valued each year depreciation is provided just in the way it would be in any commercial corporation; Furthermore Polymer is continually replacing its assets. The situation in Canadian Arsenals is quite different in that it is not a self-supporting operation, there is a vote each year to cover the deficit, and to increase the deficit by depreciation really would be just a bookkeeping entry.

Q. Let us take the situation that at the end of "X" years we dispose of this \$5 million company, would you not want to be in a position to know definitely—or at the end of 10 years, if we are to follow it down—would you say it would be an advantage doing that?—A. Personally I do not see the advantage. I should point out that this has no connection with recording individual assets or control accounts, nothing of that nature, it is simply the way in which it is shown on the balance sheet.

Mr. CROLL: This is just a disagreement between two very expert accountants, is it not?

The WITNESS: That is correct.

Mr. CROLL: Well, lets get on then.

*By Mr. Fraser:*

Q. This item is really stock piling in preference to setting up a deficit?—A. It represents a residue of assets which were acquired during the war—many of which were loaned to corporations which had production contracts and at the end of the war they were taken back and held against the possibility of being needed again.

Q. You are stock piling nevertheless; that is really stock piling to the extent of \$90 million, that is what it amounts to?—A. In a sense, I suppose. They are held in reserve against an emergency.

Q. They are held in reserve for an emergency?—A. Yes.

Mr. MACDONNELL: With reference to item 133, as Mr. Croll suggests, it is a disagreement amongst experts; but as I understand paragraph 132 that is a different thing,

. . . the company has in its custody stocks of surplus stores and munitions. An inventory of these has not yet been completed, therefore they are not recorded in the accounts, nor do they appear among the assets shown on the balance sheet as at March 31, 1949.



That is a quite different matter, isn't it? You are saying these tools were listed there. It is really a question of the value you are prepared to put on them.

**THE WITNESS:** Here again the question is the difficulty of valuing surplus war munitions which were taken over at the end of the war. While they have not been inventoried in complete detail by a physical count, there are records, some based on physical count and some based on the records of previous custodians,—there are records of these assets, only not a complete detailed inventory. Again, some of that material is of very questionable value. It may be valuable if a use can be found for it. Some of it would be considered obsolete by our own services. Some of it may be damaged by the lapse of time, deterioration of propellents, is a factor there; but there are substantial stocks of materials and stores of munitions which have not been set up as an asset; again, largely because of the difficulty in valuing them. It so happens in the last few years that it has been possible to dispose of quite a substantial amount and the proceeds of course are accounted for.

*By Mr. Fraser:*

**Q.** In the present statement here, on page 2, there is \$823,836 total which has not been shown under the sales as recovered by the company?—**A.** I think that reference ought to be taken in conjunction with the next item, 133, because they are the same item. The background of that transaction was this, we had requests to supply certain munitions to commonwealth countries which could not be supplied out of stock. They were urgent requirements in the country concerned and they could not wait, or did not want to wait for the time it would take to produce the goods. It was possible to borrow from stores of the Department of National Defence the items in question. They were not items which the Department of National Defence was prepared to declare surplus in the sense that the services could get along without them, but they were items the services could do without during the period during which similar items would be reproduced; so certain munitions were borrowed from the Department of National Defence and delivered to the country concerned. Now, the big bulk of these came from the stocks of the Department of National Defence but to the extent of \$823,000 the items were taken out of the inventories of Canadian Arsenals. The whole matter was treated in the same way in the accounts which was really a borrowing of munitions with the obligation to replace them. I think if it were being done again probably it would have been better if that \$823,000 had been dealt with apart from the \$6,400,000, but it makes no difference in the net result; although, as I said, I think perhaps it would have been better, and if that were to happen again we would probably deal with the \$823,000 differently. The transaction was regarded as one transaction between the Corporation and a Commonwealth country, and the major part of the supply borrowed from National Defence.

**Q.** Would not that make it harder bookkeeping for the department?—**A.** I think it was done in perhaps the simplest way in that it was all treated as one transaction. I think perhaps, as I say, it might have been better to put it in two transactions and it probably would be handled that way if it happened again.

**Q.** Well, then, at the end of that item there is this comment:—

Not all the orders were approved by the Governor in Council.

—**A.** They all, subsequently, were approved. After we got into this transaction we discovered that it was necessary to secure the approval of the Governor in Council.

**MR. MACDONNELL:** Under what authority did the Governor in Council approve?

**THE WITNESS:** Under the authority of the Munitions and Supply Act.

Mr. FRASER: And that would be because they had to approve all transactions over a certain size, is that it?

The WITNESS: My understanding of it is this—I don't want to get into a legal argument because I am not a lawyer—but my understanding is that it became necessary to get Governor in Council approval by reason of the fact that some of the munitions were being taken from stores under the control of the Department of National Defence and that is what led to the necessity of getting permission from the Governor in Council.

Mr. WRIGHT: Was the authority of the Governor in Council for the shipment of this stuff obtained before it was shipped or was retroactive authority obtained?

The WITNESS: I haven't got the exact details of the dates of the shipments but it was after the transaction was started that the question was raised of the need for Governor in Council approval. It was the opinion of Mr. Varcoe, of the Department of Justice, that we should have approval from the Governor in Council.

*By Mr. Macdonnell:*

Q. Could you tell us in what year this took place?—A. In 1949.

Q. Are you sufficiently familiar with the Munitions and Supply Act to tell us whether or not, had this transaction taken place in wartime, such approval would have been necessary? I am just wondering what was the object in getting it.—A. I have Mr. Varcoe's opinion here if that will be helpful to the committee, Mr. Chairman. Would you like me to read it?

Q. Yes.—A. This letter is addressed to me and reads as follows:

OTTAWA, March 16, 1949.

DEAR SIR:

155997

*Re: Ammunition for Pakistan*

At the request of Mr. Anger, I have given consideration to the question whether certain ammunition held by the Department of National Defence may be supplied to the Government of Pakistan under an arrangement whereby it will be replaced by Canadian Arsenals Limited at some date in the future. My understanding is that the Auditor General objects to this transaction on the ground that the sale price of the ammunition furnished to Pakistan should go into the Consolidated Revenue Fund and a fresh vote of this sum be obtained from Parliament to pay for the ammunition to be supplied by Canadian Arsenals in the future.

My attention is called to the provision of the Department of Munitions and Supply Act which enables the Minister of that Department to "exchange munitions of war and supplies." My opinion is that under this provision the Minister might enter into an arrangement with the Government of Pakistan to exchange the ammunition in question in return for ammunition to be purchased by Pakistan from Canadian Arsenals in the future and turned over to the Department of National Defence.

I may say that I should think that the Minister of Munitions and Supply would require to be authorized by the Governor in Council to dispose of the ammunition being administered by the Department of National Defence in the manner herein indicated.

Yours truly,

F. P. VARCOE,  
*Deputy Minister.*

The Deputy Minister,  
Department of Trade and Commerce,  
OTTAWA.

Mr. MACDONNELL: I do not suppose I would set up my opinion against that of the Deputy Minister of Justice, but it does seem to me that that is an odd kind of a transaction.

Mr. CROLL: But that was the only way in which they could get them to meet the order.

Mr. MACDONNELL: I know, but seriously, it seems to me that that is an odd transaction; the eastern people were nearly at war at that time, were they not?

The CHAIRMAN: That would be more a question of policy, Mr. Macdonnell.

Mr. MACDONNELL: Yes, I suppose that is fair enough.

Mr. ASHBOURNE: There is an amount there of \$6,071,387, what was that?

The WITNESS: That was the amount that was approved under Order in Council P.C. 2041. That was the shipment to Pakistan.

Mr. MACDONNELL: I just wanted to point out that apparently the Auditor General has greater knowledge; he had a very definite question in his mind about this transaction. What I was getting after was the question of authority; no doubt it should have been done in the way described in the letter, and which I understand was the way in which it was done; am I correct in that?

The WITNESS: Yes, that is the way it was done.

The CHAIRMAN: What is the date of the letter?

Mr. MACDONNELL: March 16, 1949.

*By Mr. Macdonnell:*

Q. My understanding is that the Auditor General objects on the grounds that the sales price was to a certain extent furnished by the taxpayer and the receipts should go into consolidated revenue, and I should have thought that this was a matter where a vote should have been obtained from parliament for the purpose. Was that done?

The WITNESS: No sir. What was done was done in accordance with the opinion of the Deputy Minister of Justice.

Mr. MACDONNELL: Oh yes.

The CHAIRMAN: And that is the opinion of a highly competent official of the Department of Justice against the views of the Auditor General.

Mr. MACDONNELL: There may be a difference of views, but I do not want to express any opinion on that. I am interested to observe that the "watchdog of the Treasury" shall I say, did think of that, and I think we had better keep it in mind.

The CHAIRMAN: One way or the other it would not have changed anything in respect to what was finally done.

Mr. MACDONNELL: Except for our whole point, that parliament would have been consulted. In any event, I think it was a very unusual transaction. I think I can imagine there might have been quite a debate on it if it had come up for consideration in the House. I am not going to question it, however, it seems to me there is a point there and I think we should be grateful to the Auditor General for having brought this to our attention.

*By Mr. Croll:*

Q. Would the witness comment on the Auditor General's remark in the last line of item 134?—A. In 134?

Q. Yes.—A. Well, this again goes back to the question of the proper charge to operations, in that an appropriation is provided to cover the net deficit on the operations of Canadian Arsenals. In setting up the pension plan, the



actuarial calculations of the liability of the company in respect to past service produced a figure of \$382,020; that would be the liability if all the employees then in the service had taken advantage of the pension plan as and when they became eligible under the plan. Some of them were then eligible, but others had a year or so to go before they became eligible under the plan.

Q. Canadian Arsenals is not under the government superannuation plan?—A. No. In order to meet this liability of \$382,020 which would arise if all individuals entitled did take advantage of their rights, the Corporation set aside that amount into its pension fund. Now, as I understand it, the question raised by the Auditor General is whether or not this is an appropriate charge to the 1948/49 appropriation. I would point out that the 1948/49 appropriation from parliament was to cover the net deficit, and in arriving at that net deficit there were a great many items; you had the proceeds of sales of some of those old inventories; you had revenues coming into that year that were really adjustments of prior years' income; so that it seemed to me perfectly right and proper that that \$382,000 adjustment in respect of past years might quite properly be offset against the earnings that could properly be attributed to prior years; I find it hard to say which particular expenses were covered by the parliamentary appropriation of \$2,900,000 out of which only \$2,500,000 was drawn—I am using round figures there.

The CHAIRMAN: What is your comment, Mr. Sellar?

Mr. SELLAR: The only point was this, Mr. Chairman; in the case of the salaried employees, they must have at least three years of continuous service before they are eligible, and in the case of hourly rate employees, five years of continuous service, and quite a large number of them had neither three years nor five years of service. We thought the Corporation was anticipating its liability a little bit too fast. That is all we say about it. We are not objecting but we are drawing it to your attention.

Mr. MACDONNELL: May I ask you, Mr. Chairman, is Mr. Mackenzie using the same language as Mr. Chevrier used the other day when he said there was \$50,000 extra in the travelling account and they could use that for other purposes without specific parliamentary authority? Is that the same thing here?

The CHAIRMAN: I doubt if Mr. Chevrier said that because you can transfer within a vote, but not from one vote to another.

The WITNESS: I do not think that question arises here. The question here is whether or not it was proper to provide for what might turn out to be the company's liability in respect of past years; and I think the Auditor General will agree with me on that score. That is the only point at issue.

THE CHAIRMAN: Are there any further questions on items 130 to 134?

*By Mr. Fraser:*

Q. Yes. When you sold this stuff to Pakistan did you sell it at a profit or at cost?—A. It was sold at a fair value which resulted in recovery of direct costs to the Canadian Arsenals and of some overhead to the consolidated revenue fund.

Q. That is not an answer to my question.—A. Well, to carry through with it, you get involved in the question of what is the cost.

Q. Haven't you got a real accounting system in there, or is this arsenal run in such a way that you do not know the cost of these things?—A. First of all the cost obviously includes all direct expense, and that was recovered. You have to remember the type of operation. It is not a standard operation where you can charge your total overhead, as in the normal course of business; you have a lot of overhead in carrying a standby plant of this kind and you cannot arrive at a precise amount to charge to a single transaction.

Q. I understand that.—A. So that ordinarily you cannot compute this in the same way as you could with other companies.

Q. Well, in the public accounts at page Y-64 it gives the proceeds of sales. I think you mentioned that though—I see there the item, Proceeds from Sales, \$3,052,000; and then down below you have "Direct cost of sales include materials used, labour and other direct charges"; and then below that the profit from the operations?—A. Yes.

Q. Exclusive of overhead?—A. That is right.

Q. Well now, how do you arrive at your profit?—A. The figure shown is of course a different one—profits represent sales less direct cost.

Q. Direct cost?—A. Yes. Then there is a question of how much overhead you can properly charge against a particular transaction.

Q. Yes. My real reason in asking that is to find out how you arrive at the price you ask commonwealth countries, the U.S. or Pakistan; how do you arrive at a price for that?—A. It is based on the direct costs you have plus an estimate of overhead assuming that you had a full-time operation, or a reasonably full-time operation, coupled with some element of what other suppliers, if any, would charge.

The CHAIRMAN: You do not assume, Mr. Fraser, for a moment that the department does not know what its material costs are, do you?

Mr. FRASER: Well, that is what I am questioning.

The CHAIRMAN: I would like to have that point made clear.

Mr. DREW: I note in Mr. Sellar's statement on the audit of the annual statement, on page 19 of the report of Canadian Arsenals Limited, that there is a reserve and I have examined the accounts of Canadian Arsenals Limited for it for the year ending March 31, 1949, and I observe that he refers to the fact that certain stores are apparently carried at their full value. Now, the stores referred to there are stores which you in turn would be in a position to dispose of, are they not?

The CHAIRMAN: I do not want to interrupt you, Mr. Drew, but for the last half hour we have been discussing that very question with Mr. Mackenzie and he has given us quite a substantial bit of information. Mr. Fraser questioned him about that statement, and it was dealt with quite fully.

Mr. DREW: I would like to introduce the question because I think it involves a matter of cost accounting. I think the fact that some of these stores were not shown as received by Canadian Arsenals Limited is important.

The WITNESS: A large part of these were military stores transferred to Canadian Arsenals at the end of the war. I pointed out that it was very difficult to determine the value of those stores, that it depends entirely on whether or not one is able to find a purchaser for them. There is a real problem in attempting to value these inventories. We have made an extensive study of the subject and we find it is difficult to put a value on them or even to determine if they will have any real worth. I think it should be made clear that the sales that are made are handled in the way that is shown in this statement in the Auditor General's report. The proceeds from the sales are there, and the direct costs are all clearly there, the difference between those is really our recovery on these old inventories, that is really what it amounts to, plus such portion of overhead as can be absorbed by these particular orders.

Mr. DREW: Well, as I understand it, the inventory of surplus stores has not yet been completed.

The CHAIRMAN: We have been on this for fully three-quarters of an hour, and the answer has been given. We would only be repeating ourselves for the accommodation of one member.

Mr. DREW: Then may I refer to one item in particular, the item of \$7,259,234.40; just what exactly does that mean?

The WITNESS: This again comes back to the transaction that we have been discussing, the sale of munitions to commonwealth countries, in large part to Pakistan. Pakistan came and asked for certain munitions which could not be delivered because they were not available at the moment, but Pakistan's requirement was such that they could not wait for the length of time it would take to produce them.

The CHAIRMAN: I think if Mr. Drew would consult the printed report of the evidence for the past half hour or so he would find that the answers had already been given.

*By Mr. Fraser:*

Q. In regard to the stores to which reference was made, is there any check made on the stores available to see what can be disposed of, and what condition they are in? You must have a tremendous amount of stores there.—A. That situation is examined from time to time and anything that is considered completely worthless or useless to the arsenals is being disposed of through the proper channels.

Q. Is that done by the Department of National Defence?—A. No, Canadian Arsenals do that.

Q. Would not the Department of National Defence be in a better position to determine whether stores were in good condition or not?—A. The management of Canadian Arsenals itself is of such a nature that it can determine whether or not an item should be disposed of.

Q. I was just wondering whether the defence department would have more of an idea about them than your department would, or than Canadian Arsenals would?—A. I would think the directorate of Canadian Arsenals, which includes representatives from the services and includes representatives from Canadian industry would be about the best qualified group to decide as to the condition of stores.

Q. They meet together?—A. They meet together, yes.

*By Mr. Drew:*

Q. In connection with the stores that have been brought under your control and are not reflected in this statement—you do dispose of them from time to time, don't you?—A. Yes.

Q. Well then, is it not possible that these stores could be disposed of without them being formally reported in the records of the Arsenal?—A. There are proper records as far as stock control is concerned. This question has to do with the values at which they should be recorded in the balance sheet of the company.

Q. I am not concerned with that so much. According to the statement of the Auditor General the stores received from the Department of Reconstruction and Supply are not reflected in this statement presented which we have before us.—A. That is the inventories?

Q. Yes.—A. The inventory as distinct from the physical assets?

Q. Yes.—A. Yes.

Q. Since they are not reflected there where would they be in connection with any statement of Canadian Arsenals, how would we find out whether there had been any disposition made of any of these stores?—A. Well, the sales are recorded in the annual statement, in the annual report; and the direct cost of these sales are reported, and the difference between the direct costs and the proceeds of sales represents the recovery, which includes some amount of overhead cost.

Mr. MACDONNELL: Mr. Drew's question ties in with the reference in paragraph 132 which we discussed before; that is shown in the fullest detail.

The WITNESS: It gets down to the question of the value you place on the inventory in the balance sheet.



Mr. MACDONNELL: Yes, we have the two points involved there, the record of proceeds of sales and the question of inventory value.

The WITNESS: And the information with respect to the sales is recorded in the company's books.

The CHAIRMAN: You know exactly what your inventories are, you have a good idea of your physical inventory and you know what is surplus?

The WITNESS: There is a general record. It is not, as I said earlier, a complete physical count of all the assets which were taken over, but there are records maintained and there are proper stock control records.

*By Mr. Drew:*

Q. You perhaps have not the record in front of you and may not be able from memory to answer this question, but could you give us some indication as to the figures involved, because even for the purposes of your records it may be difficult to put a dollar value on the munitions which have been transferred to you from the Department of National Defence. The actual things themselves are there. You might possibly be able to indicate to us something of the kind of thing involved in that group which is not covered by inventory.—A. I think perhaps I should ask General MacQueen to give you some information on that; he would know more about what is on hand there than I would.

Mr. DREW: What is the nature of the things that that would cover?

General MACQUEEN: Well sir, such things as fulminate of mercury, R.D.X, and supplies of that kind.

The CHAIRMAN: Would you speak a little louder please, General MacQueen, so we can all hear you?

General MACQUEEN: In the main inventory stocks of component parts.

Mr. DREW: Do these include such things as rifles, machine guns, artillery rifles and things of that nature?

General MACQUEEN: No, nothing of that kind.

The CHAIRMAN: Would you kindly speak a little louder.

General MACQUEEN: No, ordinarily there would be no stocks of weapons included.

*By Mr. Drew:*

Q. I want to ask a question and for the purpose of simplifying it I would like to make this observation. We are here considering the general question not only of what the accounts contain but the manner of dealing with the accounts, and what I am interested in is the fact that here is another occasion where there are substantial materials and supplies which are not shown in any inventory or statement presented to us. I am anxious to know the nature and extent of the inventory, if it can be measured in dollar value, having regard to the fact that components for explosives and explosives themselves are things that may often depreciate quite rapidly in value—but that is something else—what I want to know is the inventory value of the items which are held by Canadian Arsenals. I mean, is that a substantial part of your supplies at the present time?—A. It is a substantial part of our stock, and these reserves of inventory are necessary on account of the fact that we could not take contracts to make munitions unless we had these components on hand, that is to say for early delivery; and while there are government records of stock kept of them the actual value is not shown in the balance sheet. That is a different sort of picture.

Q. Then do I understand from your statement, and the remarks of General MacQueen, that these are largely technical requirements for the production of explosives in your explosive plant?—A. They are residual stocks that were

taken over at the end of the war, stocks that were on hand at the various factories. We disposed of everything which we thought would not be needed in the future and retained what we thought might be useful.

Q. Then, having regard to the supplies you sell, are they figured on the basis of a nominal cost?—A. Any time they are used up there is a cost placed on them at present day replacement value.

Q. At present day replacement value?—A. Yes.

Q. Then, as I understand the picture, it is a perfectly normal situation that arises in the operation of the company, that you have taken in supplies that were left over from war operations, that there are very extensive supplies which probably in the ordinary course of events would be considered expendable but which, as General MacQueen has explained to the committee, are used for the manufacture of munitions, and then they are given a present day replacement value. Now, Mr. Sellar, as I understand it, you would have these inventoried and a value placed on them?

MR. SELLAR: That is what I thought should be the arrangement, that these things should if necessary be given an arbitrary value and be shown as actual assets in the balance sheet of the Corporation. As has been pointed out, some of them are obsolete, some are deteriorating so rapidly that probably they could not be used. My thought was that the proper procedure would be to place a value on them. But I gather from what Mr. Mackenzie has said that there is in addition stocks which Canadian Arsenals would not use which might have an efficiency which might be open to question. Isn't that what I understood, Mr. Mackenzie?

MR. DREW: Well then, Mr. Chairman, may I ask a question of Mr. Mackenzie in relation to clearing that point up.

THE CHAIRMAN: You had better let him clear it up now.

THE WITNESS: I would say that the potential use is dependent upon orders coming in from other countries. Of course, if the orders don't come in, a lot of the stuff will be worthless.

*By Mr. Drew:*

Q. I suppose it will be conditional upon the quality of the material at the time you actually want to use it?—A. That is right.

Q. And it might deteriorate further. Then, at such time as that is brought into use—and for the purposes of your own records you mentioned a value that you place on it, a replacement value which you put on it when you use it for the purposes of production—you then go out and value the comparable article or material on the open market, and then it becomes an item or entry in your general inventory and is shown in the records of the company.—A. Yes, we do that in order to determine the sale price to charge the customer.

Q. What I am trying to get at is this: without suggesting that there is any impropriety on the part of anybody, it seems to me that unless you then carry that value into your account that you get a false—and I don't imply anything wrong in the use of that word "false"—but you get a false figure in relation to your sale figure in so far as those items are concerned.—A. Well, as I pointed out, the cost of this whole operation is a very difficult thing to get. Last year there was an appropriation by parliament of \$2,900,000 and the end result was that something like \$2,400,000 was used to cover the net deficit. This year it will be considerably less, as a result of the fact that there were substantial sales made and substantial recoveries from them, which you might call wind-falls.

Q. Coming back to this whole question of accounting, here is the thing which disturbs me about this procedure. You carry on operations as an agent of the government; and if at the end of the year there is a deficit or a requirement, then automatically a vote is made for that purpose. Now at that point

Canadian Arsenals has received a vote that is based upon accounts that do not reflect something which may be taken in of quite a substantial value; and then you start from that point on, with what in any ordinary business operation would be regarded as a fictitious picture.—A. Well, this particular operation is quite different, let us say, from that of Polymer, which is another company reporting to the minister and whose accounts are handled on the basis of an ordinary commercial enterprise. Instead of waiting until the end of the year and then finding out whether or not we have a deficit and requesting an appropriation, at the beginning of the year we have to put forward an estimate of what we anticipate the deficit will be. That is arrived at by determining the total stand-by expenditures and deducting from it the estimate of what we might recover from sales, and then asking for the amount which we hope will cover the deficit. In the year under review here we had estimated for a deficit of \$2,900,000 whereas in the end result we only used \$2,400,000. While the statements for the current year are not here, the results I think will be better than that because the recoveries were much greater. But we have at the beginning of the year put in an estimate asking parliament to vote for an anticipated deficit. We do not wait until the end of the year to find out whether we have a deficit and then seek to recover it. This is definitely a deficit operation.

Q. Yes, it is essentially a deficit operation, and since the deficit is something which must be taken care of by a vote of parliament, then unless credit is given for whatever value is placed in your own accounts for material you sold, it seems to me that we perhaps are not dealing with the figures we actually should be dealing with in a parliamentary organization.—A. The estimate is at best a guess of what the year's operation will result in. In the final result, of course, every cent of recovery is in there and the estimate is reduced accordingly.

*By Mr. Wright:*

Q. It appears to me that the functions of Canadian Arsenals Limited are two-fold: one part of it is a holding operation in which they hold certain tools and equipment and so on in case of an emergency; another part is an operative function in which they manufacture certain materials for our own forces or for sale. Would there not be an advantage in separating the two functions of Canadian Arsenals Limited and thereby being able to give a better picture of the cost of production of materials, rather than loading up the production of materials with an overhead which is brought about through the holding operations of the company?—A. The principal job of Canadian Arsenals Limited is to maintain certain machinery and facilities in a standby condition; that would cost, let us say, \$X million; then an attempt is made to reduce that cost by making such use of that machinery as is possible in order to sell munitions and so on to other countries, and to the extent that those sales are made, the net cost to the Canadian taxpayer is reduced. But the difficulty comes in trying to talk in terms of cost as you would determine cost in an ordinary commercial enterprise. I do not think you can separate the two functions, because when you do sell something, you must try to recover some of the standby cost.

*By Mr. Fraser:*

Q. How much was sold to the commonwealth countries, the United States, China, Pakistan? That would not be disclosing anything?—A. Proceeds of the sales in the year ending March 31, 1949?

Q. You gave us a total of so much, but how much was sold to each country?



*By Mr. Drew:*

Q. That is already available, is it not?—A. I do not know if a break-down of sales has been given. The total sales were \$3,052,000 in this year under review.

*By Mr. Fraser:*

Q. Was that for the manufacture of arms?—A. That was the total revenue from the manufacturing operations of Canadian Arsenals Limited, it might result from all sorts of things.

Q. You have not got a break-down of what you sold to the different countries?—A. Not here at the moment.

Q. Could you get it? Was there not a report tabled in the House?—A. There were certain orders in council tabled covering these transactions, but they would not necessarily tie in with the actual values shown here because of the borrowing operations which went on from the stocks of the Department of National Defence. I think we could have a break-down of sales prepared.

Q. Can you do that?—A. Yes.

Q. And in that break-down, could you not show what was old stuff and what was new?—A. I would doubt if that could be done; but we could show the total sales made.

The CHAIRMAN: Are there any further questions concerning Canadian Arsenals Limited?

Mr. FRASER: There is one question on page Y-65 and also on page Y-66, "Vacation Pay... \$114,356.03"; and "Non-Productive Time... \$7,913.11". Are they generally put in like that? Why are they put in like that?

Mr. SELLAR: This is unusual.

Mr. FRASER: Yes, I wondered why it was done that way?

Mr. SELLAR: A man's credits for leave with pay accumulate throughout the year and when he takes his leave with pay, it is charged against this account.

Mr. FRASER: I see.

Mr. SELLAR: It is the only corporation that does that.

Mr. FRASER: I have not seen it in any of the other corporations, so I wondered why it was done this way.

Mr. SELLAR: Yes.

Mr. FRASER: Is there any special reason why this corporation should do it differently from the others?

Mr. SELLAR: No, there is not; but they have got it that way and it is quite correct. There is no objection to it from the audit point of view. We think it is a little unusual and I do not know exactly why they are in practice. They may have inherited it from the old Quebec Arsenal, but that is the way they set it up.

Mr. FRASER: And then take the item "Foremen and Supervisor, \$303,273.29", and then consider the item "Vacation Pay, \$114,356.03"; on that item alone I thought that was a pretty high proportion.

Mr. SELLAR: A man accumulates his leave from the summertime so at March 31 a good deal has accumulated.

Mr. FRASER: It has been accumulated for the whole year?

Mr. SELLAR: Possibly for nine months; but he uses it up in August or September.

Mr. FRASER: Does Canadian Arsenals Limited demand that he take his vacation with pay during the year or is it allowed to accumulate for over one year?

Mr. SELLAR: I do not know.

The WITNESS: I would have to ask General MacQueen.

General MACQUEEN: It is not allowed to accumulate except in certain special cases, Mr. Chairman.

Mr. FRASER: Ordinarily it is just for the 12 month period?

General MACQUEEN: That is right.

*By Mr. Drew:*

Q. May I ask if in the plant at Longueuil, Quebec, artillery weapons are in actual production at the present time?—A. I do not know. Are we going to go into this year's operations, Mr. Chairman?

The CHAIRMAN: We are limited to the Auditor General's report or to the public accounts for the year ending March 31, 1949.

Mr. DREW: That can be dealt with at another time.

The CHAIRMAN: I mean the time for that to be dealt with would be in the House when the minister brings in his estimates.

*By Mr. Drew:*

Q. In the period covered, were you in production at Longueuil?—A. I would have to ask General MacQueen to answer you.

General MACQUEEN: No, we were not, Mr. Drew.

*By Mr. Drew:*

Q. In the disposition of weapons and munitions under the arrangement which you have already described and which involved sales to China and to commonwealth countries and certain other countries as well, was the sale made on the basis that it was disposing of weapons and munitions which had ceased to be of a type that we ourselves were using here, or were we actually selling weapons of a type that are still regarded as weapons in active use here?—A. We were meeting requests from commonwealth countries who asked us if we could supply them with certain munitions. In this particular case you are speaking of, the countries themselves could not wait; the requesting countries could not wait until we could produce their requirements. So in order to meet their requirements we borrowed supplies from the Service Stores of the Department of National Defence, and then replaced them so that it was current stuff that was borrowed from the Department of National Defence which had to be replaced.

The CHAIRMAN: That has already been covered.

Mr. SINCLAIR: Mr. Chairman, must we go over the same ground again and again? I think we should call off our committee until Mr. Drew is ready to come to the committee because this is the third time we have had this explanation.

Mr. DREW: That was entirely unnecessary, Mr. Chairman. We are all trying to do our work here.

Mr. SINCLAIR: That matter was dealt with half an hour ago.

Mr. DREW: I want to deal with any remarks that I think are sufficiently worth dealing with.

The CHAIRMAN: Are there any further questions to be asked about Canadian Arsenals Limited before the item is passed? Has the Auditor General any further remarks he wishes to make?

Mr. SELLAR: No, sir.

The CHAIRMAN: Then the next order of business is Canadian Commercial Corporation, items No. 136 and No. 137.

Mr. FRASER: In item 136 paragraph (a) it says that the corporation was set up:

to assist in the development of trade between Canada and other nations,—

Now, our trade has certainly dropped off. I wondered what was being done there?

The CHAIRMAN: I wonder what this has to do with the remark made by the Auditor General in this item?

Mr. FRASER: It is under "Canadian Commercial Corporation", and Mr. Mackenzie is here and he is the deputy minister of the Department of Trade and Commerce and I wondered what the department is doing?

The CHAIRMAN: It might be well if the Auditor General explained these two items which appear in his report.

Mr. SELLAR: The reason they are reported is rather unusual; there are two transactions to which I draw attention, one involving \$972,880 and another \$2,811,858. The financial year of the Canadian Commercial Corporation ends on March 31, when its expenditures and revenues are cut off, while the Government of Canada has a 12 months year for revenue purposes but actually 13 months for expenditure purposes. It so happens that last April parliament appropriated sums of money in connection with the objects of these transactions and they appear in the expenditures for the Department of Trade and Commerce in the public accounts. They are also reflected in the accounts of the corporation, although the amounts are a little different; they are in twice. That is one reason.

The other reason is: these uses were a little exceptional for the Canadian Commercial Corporation.

The CHAIRMAN: Your first paragraph simply states the powers and the purpose of the corporation so that any question concerning them would be one concerning the policy of the government and not for this committee.

Mr. FRASER: What about this \$972,880 that has been recovered?

Mr. SELLAR: That has been repaid to the corporation. It is in the public accounts on page Y-21 which shows a payment of \$850,000; that was the amount as I said.

Mr. DREW: It was paid by whom?

Mr. SELLAR: By the Department of Trade and Commerce as an appropriation, special vote 638.

Mr. DREW: Was it paid by the Ming Sung Industrial Company?

Mr. SELLAR: This was paid out of the consolidated revenue.

Mr. DREW: I realize that, because there was an arrangement made between the Quebec Ship Yards and the Ming Sung Industrial Company Limited. Was that not a balance owing to the shipyards arising out of a transaction. This was an item for which there was no provision and it was dealt with simply by a vote in the estimates?

Mr. MACDONNELL: When you used the word "repaid" I thought you meant it was repaid by the Ming Sung Industrial Company; but you meant that it was repaid by another department?

The WITNESS: This \$972,880 was the total amount of advance made in the first instance out of the resources of the Canadian Commercial Corporation and it was subsequently partially recovered in the carrying out of this operation.

Mr. MACDONNELL: Recovered from whom?



The WITNESS: From the purchasers of the ships. It was taken out of this vote which was obtained by the Department of Trade and Commerce and then the corporation was repaid, I mean the Canadian Commercial Corporation was repaid.

*By Mr. Macdonnell:*

Q. And the balance however is still owing?—A. You have again to go back to the original transaction. It was done under the Export Credits Insurance Act, not under the Export Credit Insurance Corporation, but under part II of the Act which authorized a guarantee of certain undertakings. It was part of the post-war lending program. This transaction originated there. Under that transaction the Ming Sung Company entered into contracts to have ships built in Canada for export to China. There was a certain arrangement for payment. The money was to be put up by Canadian banks. Appropriate guarantees were made in accordance with provisions of the Act. It was fully explained in the House at the time the estimate was sought, and the whole history of the transaction—I do not know if it is necessary to repeat it; but as I understand the Auditor General's question it seemed to raise the appropriateness of the corporation's money being used for this purpose.

Q. This is one of those cases where really the presence of an item in the Estimates had the effect of legislating, because if you look at Hansard you will find that in the end the minister said: "If it is passed here, is not that authority?" One would have to admit that if it was passed as an item in the estimates it did give authority. That was our trouble, and possibly it was the Auditor General's trouble.

The CHAIRMAN: We might ask him, because he is present.

Mr. SELLAR: That was the reason. As Mr. Mackenzie has said, there was a question of the corporation's monies being used for a special purpose, and it was cleared up.

Mr. MACDONNELL: If I remember correctly, I think I undertook to say at that time there was no more authority to spend the money on this than there was to buy St. Paul's Cathedral.

The CHAIRMAN: That is a statement which has nothing to do with the work of the committee. That is political. It is a very political statement.

The WITNESS: That money from the corporation's resources was used for that purpose in the first instance and I satisfied myself that it was completely within the powers of the corporation as set out here; it was to assist in connection with the development of export trade and it came squarely, I think, within the powers of the corporation. That was considered by the directors of the corporation and one of the directors was an assistant deputy minister of the Department of Justice and he confirmed that it was within the power of the corporation.

Mr. MACDONNELL: I won't argue with Mr. Mackenzie.

*By Mr. Fraser:*

Q. I wonder if the deputy minister could say how much Canada was out on the deal?—A. I do not know how much Canada was out on the deal altogether. The total amount involved was of the order of \$15 million; the total ship building program was in the order of \$15 million.

*By Mr. Macdonnell:*

Q. "Further, during its financial year the corporation purchased and stored in its own name strategic materials at a cost of \$2,811,858." What have you to say about that?—A. Yes. Once again the corporation—

Mr. SELLAR: It was vote 664.

The WITNESS: The corporation's resources were used to purchase. These were imported commodities purchased for the purpose of a strategic stockpile, and the corporation purchased them, subsequently to be reimbursed.

*By Mr. Drew:*

Q. After all, this is the sort of thing we are under some obligation to know something about. This general transaction with the Ming Sung Industrial Company involved a ship building program of \$15 million; and the explanation of what has been stated in item 137 by the Auditor General is that under the direction of the minister, but without any separate statutory authority, the corporation made substantial expenditures out of its working capital in connection with the completion of that ship building program. And this item of \$972,880 was regarded as recoverable by the company from the Department of Trade and Commerce in order to complete that transaction, and the item was then entered in the estimates, and it was voted. It was the only thing that gave statutory or other authority for paying that money. Now, having regard to that procedure, and to the general purpose, I think it would be interesting to know how much the Ming Sung Industrial Company did pay to the government, or, how much it cost the government to support this transaction under this plan. Can that figure be given?—A. Yes. I think I am right in saying that in the end result the net cost to the Dominion Treasury would be something in the order of \$400,000 which represented a comparatively small fraction of the total loss involved in connection with the program. Part was absorbed by the shipyards themselves. Part of it was absorbed by the Ming Sung Company paying a higher price than the contract price.

*By Mr. Fraser:*

Q. That answers my question. Thus the Dominion Government is out \$400,000 and some odd thousand dollars on the deal. They are minus that money?—A. That is right; there is of course still an outstanding account receivable.

Q. There is no chance of collecting it, is there?—A. I do not know why not.

The CHAIRMAN: But during that time Canadian materials have been bought, paid for and used, and Canadian workmen have been given work.

Mr. FRASER: Oh, yes.

*By Mr. Drew:*

Q. You mean there is still an outstanding obligation on the part of the Ming Sung Industrial Company?—A. That is right.

The CHAIRMAN: Are there any other comments or any other questions? Are we satisfied that we are through with the Canadian Commercial Corporation? If we are through, we shall proceed with the Polymer Corporation Limited, items 150 and 151.

Mr. MACDONNELL: Do you know the page?

Mr. SELLAR: Yes, it is page Y-87.

The CHAIRMAN: Would the Auditor General care to comment on these two items?

Mr. SELLAR: Mr. Chairman, item 150 is just factual by way of information. We carry item 151 because in previous years we made reference to this \$1,250,000. Originally it was a larger sum. What happened was that early in the war years, Fair, which was a crown corporation buying raw rubber, secured irrevocable letters of credit on certain banks for the purchase or buying of rubber in the Straits Settlements and so on. When the Japanese invaded that

area, we did not know what had happened, but there were these irrevocable letters of credit outstanding. They have gradually been cleaned up. That just refers to it. We are not critical. It just refers to the action taken by Polymer in trying to clean it up.

The CHAIRMAN: Are there any other questions that the members of the committee would like to ask with respect to the Polymer Corporation? I think Mr. Wright asked for information on Polymer at one time and I stated that we would have the officials here. Now we have with us the deputy minister who is responsible.

Mr. WRIGHT: I have no particular information to ask of the officials. But I did state with regard to Polymer, and with regard to other corporations, that they were matters which should be dealt with by the committee and I would suggest a recommendation of the committee be made to the House that the annual statements of these crown companies be placed before some committee of the House such as the Public Accounts Committee, just as the Trans-Canada report is now placed before the Railways and Shipping Committee.

The CHAIRMAN: You have no particular information that you wanted to get at this point, Mr. Wright?

Mr. WRIGHT: No.

Mr. MACDONNELL: Are we going to have some statement? You say that the operating officers are here, Mr. Chairman?

The CHAIRMAN: The deputy minister of the Department of Trade and Commerce is ready to answer questions.

*By Mr. Macdonnell:*

Q. Would the deputy minister say something to us for example about the provisions for depreciation and obsolescence? How was that treated during the war years; just where do we stand on that now?—A. If the committee really wants to go into Polymer Corporation Limited in detail, we could bring the officials of the company here. I thought the committee was only going to deal with these questions in the Auditor General's report and I did not think it was necessary to bring people here from Sarnia.

Mr. SELLAR: The Polymer Corporation was set up during the war, as you know, when costs were very high. It was a rush job and approximately \$52 million were invested in it. Throughout straight line depreciation practice has been applied, and at the present time reserves have been accumulated. Obsolescence in Polymer has been relatively light. Their biggest problem was conversion of their heating and power plant. At the time of construction they had great trouble in getting satisfactory boilers, but they now have that trouble rectified. During the year their total sales were approximately \$21.5 million, and production costs were \$20,650,000; so after allowing for depreciation of \$2,241,000, there is an operating surplus of \$913,000.

Mr. MACDONNELL: How does that compare with earlier years?

Mr. SELLAR: They had not changed depreciation practices up that time. They are now making some changes. They had miscellaneous revenues in addition, due to the fact that they were supplying some steam and water to neighbouring industries and also were generating power for the Ontario Hydro. There has been a shortage of power in that area and when they had the apparatus available they generated power for the province. Their supply requirements very largely come from the United States. In that particular year their sales to the United States exceeded the cost of everything they had to import from the United States; and their external sales combined gave us a net surplus of about \$3 million in United States dollars in the year.



Mr. MACDONNELL: Can you remember how that operation compares with the operation this year?

Mr. SELLAR: It is improving all the time.

Mr. MACDONNELL: What can you say about the natural rubber situation?

Mr. SELLAR: You would have to get experts to answer that question. I cannot tell you. I know that the past year was a good year. They have been developing new processes which are better than natural rubber for particular uses and they have had an opportunity to market their product on the continent of Europe. In addition, a large plant for synthetic rubber in the United States was destroyed by fire, and we picked up quite a lot of their market.

Mr. DREW: You mean in the export field?

Mr. SELLAR: Yes, and in the United States itself.

Mr. MACDONNELL: What have you to say about labour relations?

Mr. SELLAR: Currently I know nothing about them.

Mr. CROLL: There was a statement made in the House by the Minister concerning labour relations at Polymer in reply to a question asked by Mr. Murphy.

Mr. SELLAR: In the last report of Polymer Corporation Limited they stated that 48 per cent of their staff has been continually in their employ for five years or more which would indicate to me that there were pretty good relations. They have a pension plan, of course, and in addition, they have a health insurance plan.

Mr. MACDONNELL: What is the reference to the agency? Does that mean a selling agency? I refer to the item "Management Fees of Operating Agencies—\$349,658.08"? That is on page Y-89. It is down near the bottom?

Mr. SELLAR: I am sorry but I shall have to get that information for you.

The WITNESS: That probably is due to the patent rights and so on of Polymer in the United States.

*By the Chairman:*

Q. You have the Dow Chemical and one or two other companies incorporated to manage certain plants of Polymer—A. I think that is all tied in with that.

Q. The report of the War Expenditures Committee on Polymer will give you the set-up.

Mr. DREW: Within the period covered by this report there was no sale of any part of the property?

Mr. SELLAR: There might have been the odd machine that was worn out, but no real property sale.

Mr. DREW: I mean a capital sale.

Mr. SELLAR: No. They were adding to their capital assets out of their own profits.

The CHAIRMAN: During the war certain of these companies because of their special qualifications were asked to incorporate Canadian companies to act as management for some of the operations of Polymer. That would be the item covering this.

Mr. MACDONNELL: It strikes me as odd that after operating for several years they should still—

The CHAIRMAN: Some of these things are covered by American patents or by patents which are Canadian and American.

Mr. SELLAR: I shall find out for you.

The CHAIRMAN: We did not expect to enter in public accounts on this. We are just dealing with the report of the Auditor General on these two items.

Mr. CROLL: Carried, Mr. Chairman?

The CHAIRMAN: Item 155 "War Supplies Limited".

Mr. SELLAR: I might save time by telling you that within the last few days I sent a letter to the Secretary of State to the effect that this company had liquidated all its accounts and that its charter could be surrendered. It was a company used during the war in relation to United States purchases.

Mr. DREW: It is fully wound up?

Mr. SELLAR: Yes, it is fully wound up.

The CHAIRMAN: Is Mr. Wardle around? We had one item for Mr. Wardle, "Northwest Territories Power Commission" item 148. We have sent for him; and there was also "Eldorado Mining and Refining (1944) Limited"; and Mr. Bennett will be here soon.

The WITNESS: He will be here in a minute or two.

*By Mr. Macdonnell:*

Q. While we are waiting let us go back to Polymer. I think the company has discontinued its trading operations in natural rubber. I see that the balance contains provision for claims arising from wartime natural rubber transactions.—A. They took over all the assets and liabilities of the crown company set up to buy natural rubber during the war, the whole operation was ultimately turned into the Polymer Corporation Limited and they are in the process of cleaning it up. This item is the residue of that. These old claims resulted from the loss of certain rubber and the impossibility of determining with certainty what happened to the rubber on the Japanese occupation. These things are in the process of settlement and where we can get satisfactory verification we are paying the capital amount of the claims but disputing the interest.

Q. Do you know what happened to the price of natural rubber, and do you know whether it was rising?—A. Yes.

The CHAIRMAN: Since Mr. Macdonnell quotes what he said in the House I would like to refer him to a very good report of one of the sub-committees on war expenditures of which I was the chairman, which devoted 15 to 20 pages to Polymer.

Mr. CROLL: Would you care to read it now?

The CHAIRMAN: No.

Mr. CROLL: We are not likely to finish with Mr. Bennett. Would the committee consider adjourning now? He will be here for some time.

The CHAIRMAN: I am in the hands of the committee.

Mr. CROLL: We have got Mr. Bennett and he will be here for quite a little while; and some of these matters could hardly be disposed of in the remaining minutes.

Mr. DREW: How are we coming on with the information I asked for from Mr. Bryce?

Mr. BRYCE: There are two points of difficulty, and if the chairman would permit me, I would like to ask a question about them. In regard to the list of properties we are having difficulty with the properties of the National Harbours Board. It would take a long time to prepare that information. If the committee is willing to dispense with that item it would help us to speed things up.

Mr. DREW: You mean the properties which the Dominion Harbours Board operate, that the crown owns and leases?

Mr. BRYCE: To private enterprise in the various harbours. There is a great deal of that which comes within the ambit; and the other point has to do with crown lands in the Northwest Territories which have been leased or sold for purposes of this kind. If we could omit those two items, it would assist us in getting a complete report earlier.

Mr. DREW: I suggest that the information which is now available in any of the departments and which is completed could be presented without in any way confusing the situation, and that the other information could be brought forward when it is completed.

The CHAIRMAN: You meant just these last two? I thought that for the information of the committee we were to be supplied with that information all at one time in order to have the whole picture before us.

Mr. DREW: I think, Mr. Chairman, that while it is desirable that we should have the complete picture, in view of the discussion of the subject which has taken place for the purpose of immediate questioning of the officers from War Assets whatever materials is immediately available would be of very great value to us. When may we expect to have the officials from War Assets here?

The CHAIRMAN: I think Mr. Gavsie will be available some time next week. The next three items on our order of business as I have them before me here are, first, the Northwest Territories (item 148) and Mr. Ward the chairman, will appear; then in connection with paragraphs 139, 140 and 147, Eldorado Mining and Refining (1944) Limited, Mr. Bennett will be available and then there is the question concerning the Yukon, and then the War Assets Corporation. Now, perhaps Mr. Bryce could tell us just how the report on properties owned by the government is coming along?

Mr. BRYCE: I have had replies from all the departments in which such assets are held. In the case of Transport that includes the Harbours Board; then there is the question of Trade and Commerce as well as the Department of Public Works. The Department of Resources and Development will report on the Yukon and the Northwest Territories. They have told me that it will take some considerable time to compile that information.

Mr. DREW: In regard to that, would there be any extensive properties in the Yukon and the Northwest Territories?

Mr. BRYCE: There is a great deal of property. It was originally all crown property in the Northwest Territories where all the property is held by the crown in the right of Canada and every time property is acquired there it has to be acquired from the government of Canada. The list of property involved there is very extensive and will take some considerable time to prepare.

The CHAIRMAN: What form will that report be prepared in, Mr. Bryce? Will it be typewritten, mimeographed or what?

Mr. BRYCE: It will depend on the form in which the committee want it. I have it at present in typewritten form. It possibly could be mimeographed but it would involve a very large job of duplicating.

The CHAIRMAN: I suggest that when the report is made available it be available for a few days to all members of the committee so that they can be entirely familiar with the subject matter contained in it before it comes before the committee for discussion. I do not think it would be fair to the committee if it were produced only to the member asking for the material.

Mr. MACDONNELL: Is it too long to be mimeographed, is that out of the question?

The CHAIRMAN: It could be printed in our record as soon as we have it entered. That is one of the reasons why I feel it should not be taken in piecemeal.

Mr. DREW: After all, we are not conducting a litigation where it is necessary for everyone to have a statement of claim and a statement of defence or anything



of that kind. If these reports are ready in typewritten form for a number of the departments it seems to me perfectly simple to make them available for examination by those who are anxious to use the information for the purpose of the proceedings and questioning, and that does not in any way withhold information from anyone interested. There is no mystery about it and I want this information before we proceed to discuss the War Assets Corporation because we know that a number of those properties were purchased and then dealt with by the device of being declared war surplus, and that is what I want some information on.

The CHAIRMAN: That is why I thought it should all be produced at the one time.

Mr. BRYCE: I will endeavour if possible to have copies made, by photostat or in some way, for the use of the committee.

The CHAIRMAN: Within a reasonable length of time.

The committee stands adjourned to the call of the chair.

Mr. DREW: Just a minute, please. The reason I am asking this is that I think it is important that we should have that information before us when the War Assets Corporation are here.

The CHAIRMAN: It was decided, I think about three weeks ago, that we would get this matter before the committee at the earliest possible time. I had thought that the witnesses would be before the committee today but Mr. Gavsie was not available so we have had to postpone his appearance until next week, as early as we can arrange.

Mr. DREW: Just one minute. There has been a lot of talk about delay. I asked for this information some time ago and I said that I wanted it when the War Assets Corporation people were before the committee. I would like to have the information I asked for particularly with respect to them so that it will be available when they are here.

The CHAIRMAN: I think we can leave that to the committee. We will proceed first with the items to which I referred a moment ago, and then the witnesses from War Assets will be at your disposal. Mr. Drew has raised the question of this Canadair property. They already know about that and they will come here prepared to deal with it.

Mr. DREW: Since you mentioned that I would also like the complete file on Canadian Exploration Company at the same time.

The CHAIRMAN: The committee stands adjourned to the call of the chair.

—The committee adjourned.

















*Public Account, Standing Committee on, 1950*  
SESSION 1950

HOUSE OF COMMONS

Government  
Publications

*HIT*  
*13*  
*A274*  
*1950*  
*no. 20*  
STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

TUESDAY, JUNE 6, 1950

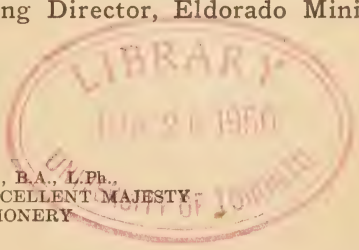
## WITNESSES:

Mr. Watson Sellar, C.M.G., Auditor General.

Mr. J. M. Wardle, Chairman, Northwest Territories Power Commission.

Mr. W. J. Bennett, President and Managing Director, Eldorado Mining and Refining (1944), Limited.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
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1950



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on

## PUBLIC ACCOUNTS

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*Vice-Chairman:* David Croll, Esq.

Messrs.

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| Anderson                          | Fleming                                       | Pinard                                      |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Prudham                                     |
| Balcer                            | Fulford                                       | Richard ( <i>Gloucester</i> )               |
| Beaudry                           | Fraser  | Richard ( <i>Ottawa East</i> )              |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Riley                                       |
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| Boisvert                          | Helme   | Sinclair                                    |
| Boivin                            | Homuth  | Stewart ( <i>Winnipeg<br/>North</i> )       |
| Brisson                           | Johnston                                      | Thatcher                                    |
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| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Warren                                      |
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| Cleaver                           | Larson  | Winkler                                     |
| Cloutier                          | Macdonnell                                    | Wright                                      |
| Cruikshank                        | Major   |   |
| Denis                             | Maybank                                       |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

*Clerk:* A. L. Burgess



## MINUTES OF PROCEEDINGS

TUESDAY, June 6, 1950.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. David Croll, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Benidickson, Blue, Cauchon, Croll, Cruickshank, Drew, Fleming, Fournier (*Maissonneuve-Rosemont*), Fraser, Gauthier (*Portneuf*), Hansell, Helme, Johnston, Kirk (*Antigonish-Guysborough*), Langlois (*Gaspé*), Larson, Macdonnell, Major, Prudham, Richard (*Ottawa East*), Riley, Sinclair, Thatcher, Thomas, Wright.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. J. M. Wardle, Chairman, Northwest Territories Power Commission; Mr. W. J. Bennett President and Managing Director Eldorado Mining and Refining (1944) Limited.

The Chairman tabled the following documents which are printed as appendices to this day's minutes of proceedings and evidence:

*Appendix A:* Letter dated June 2 addressed to the Clerk of the Committee by Mr. G. W. Hunter, Executive Assistant to the Deputy Minister of Trade and Commerce, with which was enclosed a listing of Deferred Accounts Receivable of War Assets Corporation as of March 31, 1949;

*Appendix B:* Memorandum on the quinquennial census of the prairie provinces furnished by Mr Herbert Marshall, Dominion Statistician;

*Appendix C:* Statement of payments to "outside" architects, i.e., architects not in the regular employ of the Canadian government, for the fiscal year 1948-49, as furnished by Mr. B. G. McIntyre, Comptroller of the Treasury;

*Appendix D:* Letter, dated June 1, addressed to Mr. R. B. Bryce, Assistant Deputy Minister of Finance, from Mr. A. MacNamara, Deputy Minister of Labour, regarding the actuarial position of the Government Annuity Fund.

*Appendix E:* Letter dated May 22, addressed to Mr. Bryce, by Mr. J. C. Lessard, Deputy Minister of Transport, containing answers to certain questions regarding the Maritime Freight Rates Act.

The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Mr. Wardle was called, questioned and retired.

Mr. Bennett was called and questioned.

Examination of Mr. Sellar was concluded on paragraphs 148 and 149 of the Auditor General's Report.

At 1 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,

*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

TUESDAY, June 6, 1950.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. David A. Croll, presided.

The VICE-CHAIRMAN: Gentlemen, some time ago Mr. Drew asked for a statement as to how "Deferred assets" were made up. It appears on page Y-90, and the figure is shown as \$40,621,043.83 in the balance sheet of War Assets Corporation. I have that statement and I shall file it now so that it may be printed, we hope, before we deal with the matter of War Assets. (See Appendix A). Mr. Marshall was to be here this morning at, I think, the request of Mr. Thatcher. Unfortunately, Mr. Marshall was called to a Privy Council meeting this morning but he has sent us a statement, of which Mr. Thatcher has a copy. (See appendix B.)

Mr. Thatcher has indicated that he wants Mr. Marshall to appear so we shall have him at the next meeting.

There was a question asked by someone in this committee as to the total amount paid as fees to outside architects in the fiscal year 1948-49. We now have the answer here and also a list of the architects of the department which I shall put on the record. (See appendix C.)

Our first witness this morning will be Mr. Wardle.

### Mr. J. M. Wardle, Chairman, Northwest Territories Power Commission.

Mr. LANGLOIS: Mr. Chairman, on a point of order, before we begin with the witness, I think the other members of the committee should have the advantage of seeing these statements to enable them to ask questions.

The VICE-CHAIRMAN: I did say that the reason for filing them now is that we shall have them in the printed record before the War Assets Corporation matter comes up.

Mr. LANGLOIS: But you said that "you hoped".

The VICE-CHAIRMAN: I was assured that it would be done. The general idea was that they should be ready by the week-end. We are dealing now with item 148.

*By Mr. Fraser:*

Q. What is your position, Mr. Wardle?—A. I am chairman, sir.

*By Mr. Drew:*

Q. What horsepower does that plant at the Snare River produce?—A. The installed horsepower is 8,350.

Q. Is that a single generator?—A. Yes, sir.

Q. And that is on the Snare River?—A. Yes.

Q. Where is it exactly?—A. It flows in through Great Slave Lake about 40 miles west of Yellowknife, and the plant is up the Snare River about 94 miles by air-line from the town and a little south and a little bit west.



Q. Is there any further development up there at the present time?—A. No, not at the present time.

Q. Is any similar program contemplated on the Hay River?—A. We have data on the other rivers, and we have other sites selected and surveyed on the Snare River which would allow expanding to about 30,000 horsepower.

Q. So according to your figures there is an estimated 30,000 horsepower on the Snare River?—A. Yes.

Q. Without being too exact, what would you say was the estimated potential horsepower developed in that area?—A. I do not think I can answer your question, but I could get you the information. So far there seems to be ample power in the river.

Q. I am asking a question as to the scale on which this commission may be expected to operate in the future and to be able to develop in that area. Would those figures be readily available?—A. Yes, we could get them without any great trouble. There would certainly be 100,000 Hydro Electric horsepower available in the area as required.

Q. You mean in the Yellowknife area?—A. Yes.

Q. There is no special significance to it except that this is the first discussion we have had of the development in that area. If there are figures of the anticipated possible horsepower development in that area it would be useful to have them on the record and associated with this evidence.

*By the Vice-Chairman:*

Q. Can you do that by means of a memorandum?—A. Yes, I would be glad to do so.

Q. All right.

*By Mr. Fraser:*

Q. This  $3\frac{1}{2}$  per cent loan of \$4,615,000, is it callable, can it be called in, or is it a definite 20-year loan?

Mr. SELLAR: May I interrupt?

The VICE-CHAIRMAN: Yes.

Mr. SELLAR: There is a typographical error in our office in respect to this " $3\frac{1}{2}$  per cent". It should read " $3\frac{1}{8}$  per cent".

*By Mr. Fraser:*

Q. I thought there was something wrong. Is it a callable loan?—A. No, sir, it is a loan for a definite 20-year period.

Q. Was that loan made by the government here or was it made by your commission?—A. The commission borrowed the money from the government on the authority of the Power Commission Act.

Q. I wondered at the  $3\frac{1}{8}$  per cent, owing to the fact that the government is borrowing money at  $2\frac{3}{4}$  per cent.—A. The right of the power commission to borrow money is subject to such terms as the Governor in Council may designate; and at the time they designated  $3\frac{1}{8}$  per cent.

*By Mr. Fleming:*

Q. Is your commission a body corporate with power to sue and to be sued?—A. Yes, sir.

Q. And has the development reached a point where you are marketing your power?—A. Yes, we are selling power. You will note from the report and the balance sheet—and I shall read from the Annual Report of the Northwest Territories Power Commission for the year ending March 31, 1949.

The VICE-CHAIRMAN: What does it indicate?

The WITNESS: We sold some \$93,000 worth of power that fiscal year as covered by the report.

*By Mr. Fleming:*

Q. What has been the results of your operation in a word; can you tell us that?—A. Yes, sir. If you will look at the statement of the balance sheet our total cash on hand in accounts receivable and inventories amounted to \$217,575.47. We have certain charges including operation and maintenance, and at the end of the year 1949 we had a surplus of \$63,681.24.

Q. Was that the surplus for the year?—A. That was the surplus for the year, yes.

Q. You sold power to the extent of \$90,000; what other sources of income did you have?—A. In that is the figure I gave you. There were certain inventories of materials and supplies and certain returnable containers that we had and they totalled \$73,431.46. We have accounts receivable also included in the \$90,000 to the extent of \$50,000.

Q. Are you reading from your balance sheet?—A. Yes; sir, I am reading from the balance sheet which is in the Auditor General's report.

Q. We would like to have it before us.—A. I can give you the statement of income and expenditure for that period.

Mr. THATCHER: Is this statement in the public accounts anywhere so we can look at it?

Mr. SELLAR: Yes, on pages M-79 and M-80.

The VICE-CHAIRMAN: All right, Mr. Fleming.

Mr. FLEMING: Your only income according to the statement there on page M-80 was from the sale of power, isn't that right?

The WITNESS: Yes sir, quite.

*By Mr. Fraser:*

Q. When did this operation of yours start?—A. Interest really started under the Act from April 1, 1949, as it was not payable under the Act until the first fiscal year after the year in which the plant was completed as designated by the minister. Thus interest starts from April 1, 1949, and the first payment of overhead charges was due in this year, April 1, 1950.

Q. Where did you get the money with which to pay that; does that come out of the consolidated revenue account?—A. That comes out of the revenue we get from the sale of power.

Q. Yes, but you only got \$90,000 from that?—A. There are no overhead, interest or amortization payments made from that, as there were none due up to March 31, 1949. The plant was only completed in that fiscal year.

Q. I see, then you expect to pay more this next year?—A. Yes sir. We had a payment to meet on April 1 of this year.

Q. How did you pay that?—A. We paid all the interest charges, operations and maintenance and \$75,000 of the principal payment; and, in addition, we carried forward out of revenue for that fiscal year just ended the sum of \$28,000 to meet our operating expenses for the first three months of this fiscal year. We have no working capital and we have to get our money from the mines and they pay us at the end of each quarter; and so that we would be able to meet our operating expenses for April, May and June we held over \$28,000 from our revenues for the past fiscal year.

Q. Well then, next year you will have to pay the balance of this first instalment along with this \$313,000?—A. Yes sir, unless we get some relief in the way of amortization over the first years in that payments on principal can be deferred when the load is low for the new plant.

*By Mr. Fleming:*

Q. I see you have there income from rentals of \$401; is that for a year? And, for how many cottages would that be?—A. That covered from the date they were completed, about October 1, to the end of the fiscal year, March 31, 1949.

Q. These are rented to employees are they?—A. These are the senior operating employees. There are two cottages. Two of the men are married and they live there.

Q. Then I see you have rentals from staff house; you have one staff house there and you collect revenue from that, I suppose?—A. Yes sir. There is a staff house there for single men of the technical staff and we serve meals there. All of these men are the men who are working in the plant like the chief mechanic and the electrical engineer and so on.

*By Mr. Fraser:*

Q. Where do you show your operating expenses?—A. Operating expenses are shown in schedule "C", and if you go further to schedule "D" in the statement it will give you all the details of the expenditures on operation from September 1, 1948 to March 31, 1949.

The VICE-CHAIRMAN: Is 148 o.k.?

Mr. DREW: No, just a minute.

*By Mr. Drew:*

Q. Was this plant built by the Commission or by contract?—A. It was underway by contract under the direction of the department first and then when the Commission was appointed it was taken over by it, completed, and then operated by the Commission.

Q. You mean it started as a private venture?—A. No sir, as a departmental venture of the former Department of Mines and Resources.

Q. With whom was the contract placed?—A. The contractors were the Northern Construction—Manaix Companies.

Q. I notice that in this item the first fact that the statutory authority covers development of power on the Snare River. Is there wider power than that to extend to development to adjoining rivers?—A. Anywhere, sir, in the Northwest Territories, if there is the need and it can be done and looks economical.

Q. That is what I wanted to establish. It is not limited to the Snare river or any particular river?—A. No, sir.

Q. And the authority of this commission would extend to the development of electric power in any part of the Northwest Territories?—A. Yes, sir.

Q. Just as a matter of procedure: in the case of carrying forward further developments, how would you proceed with them? From whom would you obtain authority?—A. After the project has been investigated and found sound we have then two courses, one to put the vote in the estimates of the power commission in the estimates of the department, get approval that way, or if the House was not in session we could, with the approval of the Governor in Council, borrow money from the Department of Finance to proceed.

Q. I notice that you were appointed on March 31, 1949. Was that your first appointment?—A. No, sir, my appointment was from September 1, 1948, as chairman.

Q. I think I have misread the entry here:

The only appointment made, as of March 31, 1949, was that of chairman.

That means as of March 31, 1949; only the chairman had been appointed.

Now, the Act calls for the appointment of a commission of three, and it says: "The commission shall consist of one member to be appointed by the



Governor in Council to be chairman, and not more than two additional members to be appointed by the Governor in Council."

Have any additional members been appointed since March 31, 1949?—A. No, sir.

The VICE-CHAIRMAN: I am prepared, gentlemen, to take applications for those two additional members.

Mr. CRUICKSHANK: I am right in line.

*By Mr. Fraser:*

Q. I see an item on page M-81, Schedule D: travelling expenses, \$2,697.51. Could you give us an explanation for those?—A. That represents expenses incurred by senior members of our staff travelling out there. You can only get in there by air, unless you travel nearly all summer by ordinary transportation. You have to take planes at Edmonton for Yellowknife and from there up to Snare. During construction several trips were necessary, not only my own but our electrical engineer and other people who were supervising construction and also maintenance and operation on the plant.

Q. This is construction, then?—A. Right up to the end of March 31, 1949. Yes, sir, that is construction.

*By Mr. Drew:*

Q. At what price per horsepower is the power being sold?—A. \$100 per horsepower year.

Q. I am struck by the fact that the capital cost is not unduly high for the power production there and I am rather struck with the figure of \$100 per horsepower. How does that compare with the price per horsepower in other areas? Is that not a rather high figure?—A. It is high compared to figures in Ontario, where it may run from \$25 to \$30, but we have a transportation problem and also the problem of high wages and severe winter conditions. The Act does not allow us to sell power at less than cost.\* We have got the price of power down as low as we can at the present time, considering that we are only selling now under one-half of our capacity. The load has not grown to the extent we would like, but it is showing signs now of building up steadily.

Mr. LANGLOIS: Are we to take it that your operating expenses there are much higher than in any other district in Canada?

The WITNESS: I would not say higher than in any other district, but they are high in that we pay men there 40 per cent to 50 per cent higher in wages, and in the construction of the plant the transportation bill was over \$600,000. We had to take everything in over the ice, by a winter haul. The capital investment was high, but it was done as economically as possible.

*By Mr. Drew:*

Q. Just so that I may have some idea of the future plans of the organization as relating to what it is now doing, are you carrying out investigations of possible power development throughout the whole of the Northwest Territories?—A. Yes, we do that though we depend largely on the water resources division of the Resources and Development Department. They take the hydrometric readings and we do not duplicate anything they do. We also carry out investigations where there are small plants such as diesel plants, and where the demand does not justify hydro electric development.

Q. The question that arises in my mind is whether diesel plants could not produce power at this cost?—A. No, sir, at Yellowknife the average cost per kilowatt hour of diesel plants was about 6.8 cents to the mine; our cost at \$100 per horsepower year is only 1.53 cents per kilowatt hour.

*By Mr. Fraser:*

Q. That is on account of the extra charge for bringing in the fuel, is that right?—A. Yes, sir, it is very expensive by the time you get the fuel oil there.

Q. Who is your chief customer?—A. The Giant Yellowknife Gold Mines.

*By Mr. Drew:*

Q. Are there any other developments immediately contemplated in that area?—A. Mining, sir?

Q. No, electrical.—A. Well we have a plant under way at Fort Smith, that is a diesel plant. It will be completed and in operation about the end of this calendar year, we hope. We also have a plant under way at Hay River, it will be a diesel plant too. The demands at either place do not justify a hydro electric plant because we would have to get a load of 30,000 to 40,000 horsepower and our demand there is probably 400 or 500.

Q. What horsepower will the ones at Hay River and Fort Smith be?—A. About 450 horsepower.

Q. In each case?—A. Yes.

Q. What will it be possible to sell that for, per horsepower?—A. Our initial horsepower rate at Fort Smith will be ten cents per kilowatt hour.

Q. Which will mean what per horsepower?—A. It will run around \$650 or \$600.

Q. Because of the nature of the demand you will sell it by kilowatt hours rather than by horsepower?—A. That is right.

Q. Are there any other developments under construction or contemplated at present?—A. No, sir, not at present. We keep in close touch with the mining developments in the area and whenever a mine begins to develop we get in touch with them to see if they are ready to take power and whether they might need a transmission line. We will not build any transmission lines or start a development unless we have a firm contract from some mine that they will take enough power to make our position secure financially.

Q. Can you give an estimate of the cost of the complete plant at Fort Smith?—A. The total cost of that plant will be about \$125,000.

Q. And Hay River?—A. Hay River will be a little more, it will be about \$150,000, perhaps, not more than \$150,000.

Q. That is on account of the different conditions as between the two places, is it?—A. It is a matter of construction. At Hay River, we have certain foundation troubles there and we have also anticipated some trouble with our poles which will have to be laid in somewhat of a gumbo soil which is very sensitive to frost conditions.

Q. Are you carrying the power any considerable distance from the producing plant?—A. Yes, we have a transmission line 94 miles long.

Q. At Hay River?—A. No.

Q. At Fort Smith?—A. I beg your pardon, I thought you were referring to Snare. No, our plants will be practically in the centre of these two settlements.

*By Mr. Langlois:*

Q. You said awhile ago you do not start any construction until you are sure the venture will be financially sound. Are we to understand that before starting any such construction that you require from your probable customers long term contracts with you?—A. Yes, sir, what we regard as a minimum contract, so we can meet out obligations on the money we borrow.

Q. Is there any fixed time period for those contracts?—A. They are related to the amortization period. If the amortization period is 20 years we expect the firm or the mining company to give us a firm contract over 20 years. The load may start quite low and then build up.

The VICE-CHAIRMAN: That completes discussion of clause 148 and clause 149.

Mr. DREW: I might say, Mr. Chairman, that this is an extremely interesting development and I think one that is most encouraging for the Northwest Territories. The development of these diesel plants offers tremendous opportunity throughout that territory.

The VICE-CHAIRMAN: The evidence has been very interesting. We are now on item 139.

**W. J. Bennett, President and Managing Director of Eldorado (1944)  
Mining and Refining Limited, called:**

*By Mr. Fraser:*

Q. Mr. Bennett, are you managing director?—A. President and managing director.

Mr. FLEMING: Mr. Chairman, I am interested in the comment in 140 in which the Auditor General says:

These shares were acquired by Eldorado prior to its shares being expropriated. Its accounts are subject to examination by the Auditor General, but due to the state of the books and records an audit has not been possible. As the corporation is not in active operation, consideration is being given to winding it up.

I presume the reference there is to the El Bonanza Mining Corporation Limited and not the Eldorado?

The VICE-CHAIRMAN: Look at Y-74. That will give you the details.

Mr. FLEMING: Am I correct in that interpretation?

Mr. SELLAR: Yes. As a matter of fact it has been sold.

Mr. DREW: To whom?

Mr. SELLAR: I do not know, sir.

Mr. FLEMING: Its assets or its stock?

The VICE-CHAIRMAN: He said it was sold and the assets or the stock is the question.

Mr. SELLAR: Eldorado owned a majority of the share capital. They did not own all of the assets but they owned, I think it is, 50-odd per cent of the share capital, so it is a sale of the shares.

Mr. FLEMING: You are not referring to something that has happened since you made this report?

Mr. SELLAR: Yes, I am. I understand your question was: does this refer to Eldorado or does it refer to El Bonanza, and if action has been taken to wind it up? I am bringing you up to date and saying that the interest of Eldorado has been sold.

Mr. FLEMING: Eldorado has disposed of its controlling interest in El Bonanza?

Mr. SELLAR: Yes.

Mr. FLEMING: On what basis?

Mr. SELLAR: Perhaps it is better that Mr. Bennett answer that.

The WITNESS: Perhaps I might give a bit of the background on this. When the shares of Eldorado were expropriated by the government, there was included in the assets a block of stock in the El Bonanza Company. The company, that is the El Bonanza Mining Corporation, owned nineteen claims at a place called Dowdell Point, which is about seven miles from the Port Radium property of Eldorado. The company was incorporated, if I remember correctly, in 1934. A



shaft was sunk and some underground work was done. The result—I am speaking now, of course, of something that occurred some years prior to the expropriation of the shares of Eldorado—the results, I am told, were such that it was decided to close down the property. From 1937 on the property was inoperative. When the expropriation of Eldorado's stock took place, as I have stated, in the assets was included a block of stock in the El Bonanza Mining Corporation. The company, of course, was a separate corporation and not a subsidiary of Eldorado. It was a company in which Eldorado held stock and it so happens that it held a majority interest.

*By Mr. Drew:*

Q. What was the profit?—A. The number of shares issued was 3,499,161, and of that quantity Eldorado owned 2,429,334.

*By Mr. Fleming:*

Q. To whom did Eldorado sell?—A. Negotiations in the first instance were handled by a lawyer in Toronto by the name of J. R. Stirrett who it was later disclosed was acting for a Mr. J. J. Gray. The sale was made to Mr. J. J. Gray.

*By Mr. Drew:*

Q. Mr. J. J. Gray?—A. Yes.

Q. When did he buy that?—A. The transaction was completed on the 1st of December last.

*By Mr. Fleming:*

Q. What was the price paid?—A. \$25,000.

Q. What did that cost Eldorado?—A. The Eldorado Company, had not as a company expended any money on the property.

Q. I understand that, but what did Eldorado pay for the shares?—A. What the vendor interest would be, I do not know. I wonder if I could give you some more of the background and in that way perhaps answer some of these questions or prepare the way for the answers. The Auditor General, Mr. Sellar, suggested on a number of occasions since he had been asked to audit the books that Eldorado should take steps to call a meeting of the shareholders or a meeting of the directors of El Bonanza. Eldorado's difficulty was that none of the officials of the El Bonanza Company were officials of the Eldorado Company, and with the exception of Mr. Gilbert Labine, who at that time was a director of Eldorado, none of the directors of El Bonanza were on the board of Eldorado.

*By Mr. Fleming:*

Q. Even though they held a controlling interest in the stock?—A. That is correct. At the time the El Bonanza Corporation was incorporated some of the directors of the Eldorado at that time were directors of El Bonanza, but with the exception of G. A. Labine they resigned from the Eldorado Board some years later. I believe some of them have since died. At the time of the expropriation of the Eldorado stock none of the directors of Eldorado with the exception of Gilbert Labine were directors of El Bonanza. I do not believe there had been an annual meeting held since November 18, 1935, of the shareholders of El Bonanza.

*By Mr. Thatcher:*

Q. I am still not clear from this Y-74 what the federal government's investment is in this company.—A. It is an investment in shares.

*By Mr. Drew:*

Q. What was paid for it?—A. I have sent someone out to get that information.

Q. Well, Mr. Bennett, how were these negotiations carried out for the sale of the stock? Just outline the sequence of events.—A. Well, we were giving consideration as to what steps we could take to wind up the company, Mr. Sellar was pressing us to do something about the situation, quite properly, of course, but I was in the difficult position of, as I say, not being a director or of not being in a position to call a meeting of the directors. Finally, the Directors of Eldorado including myself, persuaded Mr. Labine that he should endeavour to get together those of the original directors of the company who were still available and arrange for the calling of a shareholders meeting. Our idea at that time as Mr. Sellar has indicated in his notes—our idea then was to wind up the company and dispose of our interest in it in whatever fashion might seem most satisfactory.

We had the original geological reports. We had the reports that were made by our own exploration staff following the expropriation in 1945. I had had our consultant and our director of exploration examine the property again last summer with a view to determining what value it might have. In the process of the arrangement for winding up the company, we received a communication from Mr. Stirrett asking us if we would be interested in disposing of our interest in the company.

Q. Was he interested in the company before?—A. I do not think so.

Q. Or Mr. Gray?—A. No, I do not believe so.

Q. How far would that be from what was originally the B.E.A.R.A. property?—A. I do not know offhand; it would be in that neighbourhood.

Q. The B.E.A.R.A. property is near Echo Bay?—A. It is in the general area. I cannot tell you, Mr. Drew, what the mileage would be, but it is in that general area.

Q. I was only interested in whether it was close to B.E.A.R.A.—A. I can find that out for you. We have a map of the area.

Q. Then, you had a communication from Mr. Stirrett?—A. Yes, asking us if we would be interested in disposing of our shares in this company. There is one point I might also mention. We had also had from time to time letters from other shareholders asking us what we proposed to do with the property, and my position again was that we were only a shareholder; we were not the management of the company and I felt that the president and the directors of the company should take the responsibility for calling a meeting of shareholders and determining what the policy should be. So that we were caught in a cross-fire, so to speak. A demand was being made on us to do something with the property when we, in our judgment, did not think that the property should be developed. In any case, we were not in a position to initiate a program because we were only a shareholder and not the management.

In the midst of this endeavour to extricate ourselves from a difficult situation, this offer came. Frankly it looked like a very handsome offer, and after examining the property again, we decided that the thing to do was to dispose of our interest by selling the shares, which we did.

Q. Was there any public notice of the sale of this stock?—A. I do not believe so, no.

Q. There were no advertisements in any financial papers or elsewhere, offering this stock for sale?—A. No.

*By Mr. Fleming:*

Q. Where is the holding of that stock reflected in your balance sheet—on Y-75, non-marginal mining stocks nominal value \$7?—A. That is right, yes.

*By Mr. Richard (Gloucester):*

Q. Have you any other mining stocks?—A. No, not at the present time. In addition to the El Bonanza stock we had some Teck-Hughes and Gunnar Gold at the time of the expropriation. They have been sold.

*By Mr. Fleming:*

Q. Because there was a market for them?—A. Yes. We watched the market and tried to get the best recovery we could.

*By Mr. Thatcher:*

Q. Would Mr. Bennett say whether or not there was a profit or loss on the shares he disposed of?—A. Well, frankly, my present information is that there was a profit, but I would like to find out what Eldorado as a company invested in El Bonanza before I answer that question.

The VICE-CHAIRMAN: Dr. Gauthier.

Mr. GAUTHIER: Mr. Bennett, was El Bonanza the same kind of a mine as Eldorado—were they looking for radium?

The WITNESS: No, El Bonanza originally was worked on as a silver property. As far as I am aware there has never been any discovery of radio active occurrences on the property. None of our reports would indicate the presence of uranium.

*By Mr. Johnston:*

Q. I would like to ask a question with respect to page Y-75 where it says: "Non-marketable mining stocks, at nominal value, \$7." How would you know they were of non-marketable value if you never tried to sell them, and when you never advertised them in any financial magazine?—A. I would think that the term would have reference to your ability to trade them on the stock market.

Q. Did you try to trade them? I understood you said you never tried to dispose of them.—A. I did not, personally, no.

Mr. DREW: The stock was not listed?

Mr. FLEMING: I think a non-marketable stock has a pretty well accepted meaning.

Mr. LANGLOIS: Prior to the investment of Eldorado in El Bonanza was there any hope of finding uranium?

The VICE-CHAIRMAN: Oh, well, Mr. Langlois there might have been a hope.

The WITNESS: We are going back to 1934 and I was not associated with the company then.

Mr. LANGLOIS: Perhaps I expressed myself wrongly but the reason for buying this interest in El Bonanza was that there was reasonable ground to believe that there was uranium to be found there, was it?

The WITNESS: I would not know.

*By Mr. Drew:*

Q. You mean when it was bought by the government in the first place?—A. Yes.

Q. That was only because they happened to hold the stock at the time Eldorado was incorporated?—A. Yes.

*By Mr. Wright:*

Q. I would like to ask the witness if after the government took possession they carried on exploration work in looking for radium in other parts of the Northwest Territories?—A. You have reference specifically to El Bonanza?

Q. No, no.—A. Yes, Eldorado has an active exploration division and, commencing in 1944, the company began rather extensive exploration activities in the Northwest Territories and also in northern Saskatchewan. Those activities have been expanded each year since 1944. At the present time our activities are pretty well concentrated in what is known as the Goldfields area of Lake Athabaska—the north shore of the east end of Lake Athabaska.



Q. What claims do you now hold through exploration?—A. I can give you the exact number in a moment. As at December 31st the company held 249 claims of which 226 were in Saskatchewan and 23 in the Northwest Territories.

Q. Are those claims in one block or are they separated?—A. Some of them are in blocks. The Saskatchewan group is largely in one area. By that I mean they are not far apart but they are not in solid blocks.

Q. What exploration work or development work is currently carried on?—A. Our exploration program falls into two parts. We have what we call general exploration, which consists of prospecting, and geiger counter surveys. When a claim has been staked and if the surface indications are favourable we usually do surface diamond drilling. We have a diamond drilling program of about 30,000 feet underway for the year. We have completed roughly half of that. The work is being done on three groups of claims in the Lake Athabaska area. Then we have a second type of exploration which consists of underground development. We have sunk two shafts at the east end of Beaver Lodge Lake, a lake about a quarter of a mile north of Lake Athabaska—at the east end of Lake Athabaska.

We have an incline shaft on one group of claims. We started to sink the shaft on the 1st of December; it was completed early in April; and we now have underway a program of underground lateral development and underground diamond drilling.

Then, about three miles from this particular group which is known as the Ace group, we have sunk a vertical shaft. It was started on January 8th and was completed, early in April. We are also doing underground lateral development and underground diamond drilling on that particular property. The program for the time being calls for lateral development on two levels. It is the usual sort of thing which you do in an endeavour to define the size and limits of an ore body.

The VICE-CHAIRMAN: Mr. Benidickson you had a question to ask?

Mr. WRIGHT: I would like to pursue this further.

The VICE-CHAIRMAN: All right.

*By Mr. Wright:*

Q. What is the development program of the company for the coming year? Is it an aggressive program?—A. What I have just been describing in now under way. I do not know how you judge the aggressiveness of a program, but if you judge it in terms of dollars and cents I would say it is an aggressive program.

Q. What is the amount of money?—A. Roughly our budget for exploration—

Q. I am speaking of development rather than exploration?—A. Underground development? On the underground development program from the first of the year to the middle of August we will probably spend between \$350,000 and \$400,000 dollars.

Mr. DREW: Are you speaking of the property at Port Radium?

The WITNESS: No, I was speaking of the property at Lake Athabaska.

*By Mr. Benidickson:*

Q. Who are the directors of El Bonanza?—A. The original directors?

Q. When you sold your shares?—A. This is the list of directors that I have, and I have no reason to believe that there were any additions made to the board, although I understand some of these men are now deceased.

President and managing director—G. A. LaBine;

Secretary—J. B. Kearns;

Directors: G. A. LaBine, Harry Snyder, I. D. Babcock, J. B. Tyrell, P. C. Dings.

*By Mr. Drew:*

Q. These developments on which you said you had spent some \$300,000 are in the Northwest Territories?—A. No, those are in the province of Saskatchewan.

Q. Are there any indications that the country there contains radium?—A. In the course of the exploration program we have been carrying out since 1944 one of the most interesting areas discovered has been that an area north and east of Lake Athabaska and in the general vicinity of Goldfields. We have done the usual thing. We have a reputable firm of consultants, James & Buffam in Toronto, and at each stage in this program we have had the benefit of their advice. As a matter of fact, Dr. Buffam is giving a large part of his time to the direction of the exploration program.

There comes a time always in this sort of program where when you have done a certain amount of surface exploration you arrive at a point where you exhaust the information that can be made available from surface trenching or diamond drilling. You have then to decide whether the diamond drill results you have warrant expenditure under-ground. In this case the diamond drill results on these two groups of claims suggested that we should go under-ground.

Q. Did those indicate that you should go under-ground because of the suggestion of the possibility of gold?—A. No, not of gold, of uranium.

Q. I ask you the question because that is in an area where gold has been discovered.—A. There have been no traces of gold in any of the diamond drill cores on our property. However some of the other people working in the area have gold content in their ore.

The VICE-CHAIRMAN: Now, Mr. Thatcher?

*By Mr. Thatcher:*

Q. Mr. Bennett mentioned a moment ago there were four directors. Would he turn to page Y-77 for a moment and give us a break-down of those "directors' fees . . . \$4,500"? Would each director get a quarter of that amount?—A. We are not speaking now of the same company, Mr. Thatcher. The directors' fees shown on page Y-77 have to do with directors of Eldorado; while the names that I gave you a moment ago were those of directors of El Bonanza.

Q. Is Mr. LaBine president of Eldorado?—A. No. I am the president of Eldorado.

Q. Could I have a break-down of it, nevertheless?—A. We pay our directors \$62.50 per month.

Q. Do they attend one meeting a month? How do you arrive at it?—A. We require a minimum of four meetings a year but actually, in practice, we have more than that. The executive committee of the board meets quite frequently, as often as once a month and sometimes more frequently than that.

*By Mr. Langlois:*

Q. How many directors are there on the executive committee?—A. Three.

*By Mr. Thatcher:*

Q. I wonder if Mr. Bennett could give us a break-down of the item "Salaries . . . \$48,939.19"?—A. That is for "salaries". I could give you the details if you wish it, or I could, perhaps, just tell you about it. Those are salaries of the administrative office of the company, that is, the head office of the company.

Q. I would like to have a break-down if you could provide. one.—A. I could supply it. I would be glad to give it.

Q. Could I have a break-down as well of the other company?

The VICE-CHAIRMAN: What other company? Will you refer to an item?

Mr. THATCHER: The Eldorado one and the El Bonanza.

The VICE-CHAIRMAN: There is no other.

Mr. THATCHER: This is a total amount for the two of them, is it?

The VICE-CHAIRMAN: No, no!

*By Mr. Thatcher:*

Q. Then what does it represent?—A. This represents Eldorado. Eldorado was a shareholder in El Bonanza. The companies are quite distinct. As to El Bonanza, the only place you will find any reference to El Bonanza—and you won't find it so named—is the item in the balance sheet showing "non-marketable mining stocks, at nominal value . . . \$7".

Q. On page Y-77 in this item of \$48,939.19 I presume your salary is included?—A. That is correct.

Q. And that of Mr. Labine?—A. No. Mr. Labine is not a salaried officer of Eldorado.

Q. If you can give me a break-down of that item I would be happy.—A. I would be glad to.

*By Mr. Fleming:*

Q. Taking you back to this item again, Y-75—\$7 there—is that the nominal value of the El Bonanza stock; and, on whose advice was that figure established for our balance sheet purposes; is that before the government took it over?—A. I cannot answer definitely as to that. All I can do is to give you my best recollection which is that that figure was certainly set up in our books at the time I came into the company. Perhaps one of my assistants who was with the company prior to expropriation could tell us, when it was first shown at that figure, whether it was at the time of expropriation or before that.

The VICE-CHAIRMAN: We can get that for you.

*By Mr. Fleming:*

Q. There are some other questions I wanted to ask based on that information. In connection with the sale I see you have a value there of \$25,000 indicated. Was there any public offering of that stock? Did you consult any advice in arriving at the decision to sell 2,429,334 shares at that rate of \$25,000?—A. The opinion that we had was from three geologists, competent geologists, two of whom had been with the company and who had made reports on the property but who were no longer with the company at the time this matter was dealt with. However, I got in touch with both of these gentlemen and asked them for opinions and then I had our own director of exploration examine the property again in the light of the reports which had been made previously. The decision was based on these opinions and having in mind the fact that we were not prepared to initiate any work on the property. Of course, the matter was discussed thoroughly by the board of directors and the transaction was approved by the board.

*By Mr. Drew:*

Q. There was no government approval of any offer in that case?—A. It was dealt with entirely by the board.

Q. There was no submission of this beyond the board?—A. No, except in the board minutes which are submitted to the minister.



The VICE-CHAIRMAN: Have you finished, Mr. Fleming?

Mr. FLEMING: No I have not finished.

*By Mr. Fleming:*

Q. With respect to these three reports you had—two of them were from geologists and one from your director of exploration—did they all support the figure of \$25,000?—A. The \$25,000 was an offer that came to us. We had a number of discussions with these gentlemen and, of course, I told them that we had received an offer and asked them for an opinion as to its value. It was on the basis of that opinion that I made my recommendation to the board that we accept the offer.

Q. Can you be a little bit more specific as to just what the comments were?—A. This question puts me in a very difficult position; the board made what was to be a sound transaction. Now, I do not want to say anything here that would hurt either the purchaser or others concerned.

There are, you must remember, a million and a quarter shareholders in addition.

The VICE-CHAIRMAN: Mr. Fleming, if I may—

Mr. DREW: Not a million and a quarter shareholders.

The WITNESS: No, shares.

The VICE-CHAIRMAN: You appreciate the situation, Mr. Fleming—

Mr. FLEMING: I think you misunderstand my point, Mr. Chairman. I simply want to link it with the figure. I am not asking the witness to give a lot of details which may reflect on something that may not be our business now, that is not my intention.

The WITNESS: I could answer the question I think satisfactorily if I could do it with the understanding that it would not be—

The VICE-CHAIRMAN: For publication? No, Mr. Bennett, we cannot do that. In the light of reports that you had and in the light of recommendations that you had, the board decided to accept this offer?

The WITNESS: It looked like a very good offer to us.

Mr. RICHARD (*Gloucester*): Would you have accepted less?

The WITNESS: At the time the offer was received we were prepared to wind up the company and write it off completely.

*By Mr. Fleming:*

Q. One other question. I understand from what you said Mr. Labine accepted the offer, too.—A. That is right, it was a unanimous decision.

Mr. LANGLOIS: Following the question asked by Mr. Thatcher a while ago, and to clear our minds on that, would the witness confirm that Eldorado Mining and Refining Limited was a crown company and Bonanza was a private company of which Eldorado owned some shares which were acquired through the expropriation of Eldorado?

The WITNESS: That is correct.

Mr. ASHBOURNE: There are two items I would like to speak about; the first is in the drilling.

The VICE-CHAIRMAN: What page are you referring to?

*By Mr. Ashbourne:*

Q. It arises out of Mr. Bennett's remarks. He said about 30,000 feet of drilling. Were there any worthwhile discoveries of oil made?—A. No.

Q. The other question is: on pages Y-74 and Y-75, I notice that mine royalties amount to \$4,925. Were there two payments made of that amount or

is it the same amount, and on what basis were the payments made?—A. That is all royalty that is paid to the Northwest Territories administration. It is calculated on a tonnage basis.

Q. At what rate?—A. I cannot tell you offhand. Judging from the size and the amount of our tonnage it would not be very much per ton. I may say it is a rather arbitrary arrangement. The subject of whether the company should pay royalties and on what basis is now under discussion with the Northwest Territories administration.

*By Mr. Sinclair:*

Q. Mr. Bennett, in the same connection, if and when you develop ore bodies in Saskatchewan what will be the relation then, as far as the payment of royalties is concerned?—A. In Saskatchewan a different situation exists. The mineral rights in Saskatchewan, as I recall it, are not retained by the province. In the Northwest Territories all the claims on which we are now operating are held under lease. In other words, the crown does not alienate its title. There is no alienation of title to the mineral rights and that is, I understand, the basis for the royalty payments which are made to the Northwest Territories administration.

Q. But surely Saskatchewan cannot levy royalties?—A. I cannot tell you offhand.

Mr. WRIGHT: Yes, I know they collect royalties.

The WITNESS: It has not become a problem for me as yet and that is probably why I am not familiar with what the policy is. There is at the present time a difference between the two. I seem to recall having seen some weeks ago that the province of Saskatchewan was bringing its mining regulations into complete harmony with those in the Northwest Territories.

*By Mr. Wright:*

Q. I was not so interested in this problem as in the position of the Crown money and as to whether they are obligated to pay royalties.—A. Perhaps this might serve as a guide to what the policy will be. There are other taxes which normally the province of Saskatchewan levies. For instance, there is a tax on oil and gasoline products. Eldorado has not been required to pay that tax. What the ultimate legal position may be, I would not care to say.

Q. It would become rather involved in view of the fact that you are doing considerable exploration work and you might discover—I suppose that your exploration work is confined mainly to basic uranium but in that process you might discover other minerals. Now, what is the policy of your company—what happens to deposits you discover of other mineral?—A. We would develop them if the indications warranted it.

*By Mr. Langlois:*

Q. Have you done that in the past?—A. It has not been a problem. The original Eldorado property in the early days had some silver production. The silver content today is negligible.

The VICE-CHAIRMAN: Gentlemen, we have 139 and 140.

*By Mr. Fraser:*

Q. I want to ask Mr. Bennett if the company checks into deposits of radioactive ore in Haliburton county?—A. We, as a company, Mr. Fraser, have not had a party in there. We have confined our explorations so far to northern Saskatchewan and the Northwest Territories, and last year we had one party in the Sault Ste. Marie area. However, I understand, the geological survey have had men in the area.

Q. Would it not be a whole lot cheaper for you to produce your ore from there?—A. If there is ore there we would be very happy to.

Q. I understand there is. That is why I am asking you.—A. Mr. Fraser, under these new purchasing arrangements there is nothing to prevent anyone from developing ore and selling it.

Q. To you?—A. Yes.

Q. And you would take it at what?—\$6.—A. On the basis of the formula which I announced some weeks ago.

Q. I just want to ask a couple more questions. You mentioned the fact that the directors met once a month and sometimes more often. Where do they meet?—A. Four times a year. Generally, we have our meetings in Toronto because all of the directors except two live in Toronto.

*By Mr. Langlois:*

Q. Where is your head office?—A. Our head office is here but we have a Toronto office.

*By Mr. Fraser:*

Q. These travelling expenses, \$11,456—what do they cover?—A. They cover travelling expenses of officers of the head office.

Q. That item would cover air too, I suppose?—A. That would cover complete travelling expenses.

Q. One more question. On the Northern Transportation Company you have—

The VICE-CHAIRMAN: We are not there yet. There is an item there but we have not reached it. We were not dealing with it.

Mr. SINCLAIR: It is in the balance sheet?

The WITNESS: Yes, in the consolidated balance sheet.

Mr. FRASER: It is 139 and 140.

The VICE-CHAIRMAN: It is 147, actually.

Mr. FRASER: Yes, but it is mentioned in 139.

*By Mr. Fraser:*

Q. Now that you have taken it over what have you done with it? Are you using it and has it developed, or what?—A. The Northern Transportation Company was a company that was incorporated, in 1937 by Eldorado primarily to provide transportation for supplies coming into Port Radium and concentrates going out. At the mine ore is hoisted in the normal manner of a hard rock mine and is put through a gravity concentrator. The concentrate is shipped in bags down to Port Hope where the final extraction of uranium oxide is made. The business of providing transportation to Port Radium by water, if you will glance at the map, is a rather complicated one. Distances are great. The distance from Fort McMurray to the mine is, roughly, 1,400 miles. The route is by way of the Athabasca river, Lake Athabasca, Slave river, Great Slave lake, Mackenzie river, the Bear river, and Great Bear lake. To complicate matters there are portages—one on the Slave river of twenty-five miles, and one on the Bear river ten miles long.

As I said, the company was incorporated in 1937 to look after the supplying of Port Radium. However, from its inception it also carried freight for other people. There was no rate jurisdiction in the country at that time. In 1940, the Eldorado property was closed. The activities of Northern dropped very materially in 1940 and 1941. With the reopening of the mine in 1942, and the development of the Canol project at Norman Wells, the company became very active again. Over the period from, 1943 until the end of 1948 there has



been a continual expansion of the company's business. In the period 1945 to 1949, there was expended about \$2,900,000 on equipment. The withdrawal of the Hudson Bay Company as a common carrier made it necessary for Northern to expand. Then there were certain activities in the mining area, especially the Yellowknife area and certain activities of government departments in the north. All of these have contributed to the expansion of the company. If you would be interested in judging the company's progress on the basis of the freight carried, I can give you some figures. Tonnage in 1945 was 14,000; in 1946, 22,000; in 1947, 35,000; in 1948, 49,000, and 1949, 38,000. There was a falling off in 1949 from 1948.

Q. Well, where do you show your profit where you are operating this company? Do you show it in any of these public accounts?—A. Yes, that is 84.

Q. Well, on Y-77 you show apportionment to Northern Transportation Company \$6,000. That is "less", under schedule 3. It just says "less \$6,000."—A. I know what that is if I can find it here. That is a part of the head office expenses which is charged to Northern.

Q. Northern pays what portion?—A. \$6,000.

Q. It is just a fixed sum?—A. Yes.

*By Mr. Prudham:*

Q. Mr. Chairman, I would like to ask Mr. Bennett what proportion of the total tonnage available in the north does his company handle?—A. That would be by water?

Q. Yes?—A. Just water?

Q. That is what I had in mind?—A. Well, we are the only company at the present time which operates over the entire system—that is from Waterways north to the mouth of the Mackenzie. There is another operator on the Athabaska part of the route and there is another operator on the section of the route north of Fort Smith. I have not got the actual tonnage figures for the other companies but we can get them from the Board of Transport Commissioners as they are all recorded. I would say that we carry probably 80 per cent of the tonnage.

Q. Would you say that the proportion was increasing and are these other companies fading out of the picture, or do you think that there is a chance of them surviving?—A. I would say that 1949 saw a general decrease in the amount of the total tonnage carried. We carried more tonnage in 1948 than all operators carried in 1949. I would think that on a proportional basis our reduction in tonnage was greater than the reduction of other companies. That would be because of the routes.

Q. Does the Board of Transport Commissioners control the amount of freight which the company is allotted?—A. No, no.

Q. Do they control the number of bottoms that can be put on the river?—A. Yes, that is right; you must obtain a licence from the Board of Transport Commissioners to operate between two points or in a certain area.

Q. Why is it necessary, when there is so little competition?

The VICE-CHAIRMAN: Well you are getting into something that is not his field, Mr. Prudham.

*By Mr. Fleming:*

Q. Mr. Chairman, what was the year of the expropriation, Mr. Bennett?—A. 1944.

Q. There had been an old Northern Navigation Company incorporated about 1937, and in 1947 the Board of Eldorado had a new company incorporated, the Northern Transportation Company of 1947 Limited, to assume the liabilities and assets of the 1937 Northern company. I am interested as to the authority of the Board of Eldorado to do that? Now, I appreciate that Eldorado is not

quite in the same position as some other Crown companies. It was a case of expropriation of the stock of an existing company, but was there any consultation with the government about the incorporation of a company by Eldorado?—A. None other than the minutes of the meetings—and that would be after the event. All these things are done in the normal company manner but the minutes of the meetings would be of course filed with the minister to whom we report. The purpose of the new incorporation was to change the company from a provincial company to a dominion company—it was not a matter of incorporating a company to enter into some new kind of business. I do not know that any special authority was required to do it but perhaps Mr. Sellar could go into that point. In this case we were just changing the company from a provincial company to a dominion company.

Q. Of course, Eldorado might be in a rather different position from some of the other Crown corporations that came into existence in a rather different way?—A. That is right.

Q. I was going to ask, Mr. Chairman, if I could switch to Mr. Sellar on this question in regard to new corporations. Are there any cases where they have incorporated subsidiary companies for which there has been no specific authority set up?

Mr. SELLAR: You have got to go back to the war years.

Mr. FLEMING: To the war years?

Mr. SELLAR: The Commodity Prices Stabilization Corporation had Wartime Foods Corporation and some others incorporated at that time.

Mr. FLEMING: I knew there were a great many at that time but, take the post-war years—are there any cases now of incorporation of subsidiaries by Crown corporations?

Mr. SELLAR: No, I do not recall. You have got to bear in mind, with regard to Eldorado that at the time of incorporation it was an Ontario corporation and simultaneously, with expropriation it was given a Dominion Companies Act charter.

Mr. FLEMING: That is the 1944 company?

Mr. SELLAR: Yes. Northern Transportation was operating under an Alberta charter and the action was taken to just convert it to a dominion charter. My recollection is that there were no new powers.

The VICE-CHAIRMAN: Have we concluded with Mr. Bennett?

Mr. FLEMING: Just one other question. There is one item on Y-84, a matter of an advance for capital purposes of \$737,000. Those are advances by Eldorado to Northern Transportation in accordance with order in council P.C. 1035 of March 1947. What was the authority for that order in council, Mr. Sellar?

Mr. SELLAR: I would have to look at the order in council first.

The VICE-CHAIRMAN: We shall have that at the next meeting. Now, gentlemen, I have received from Mr. Bryce the letter of the Deputy Minister of Transport concerning the Maritime Freight Rates Act about which someone asked, and an original letter from the Minister of Labour regarding the actuarial position of the Government Annuity Fund. I think Mr. Stewart asked about it. They are on file.

(See appendices D and E).

Is it the desire of the committee that Mr. Bennett should return, if we have not concluded with these items?

Mr. DREW: Yes, Mr. Chairman, there are some items about which I want to ask questions. They won't take long. Perhaps we had better wait until the next meeting.

The VICE-CHAIRMAN: Very well, the meeting is now adjourned.

The meeting adjourned.

## Appendix A

## DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, June 2, 1950.

A. L. BURGESS, Esq.,  
Committees and Private Legislation Branch,  
Room 432,  
House of Commons,  
Ottawa, Ontario.

Dear Mr. Burgess:

In accordance with the request of the Leader of the Opposition made at the meeting of the Public Accounts Committee of the House of Commons held on May 29, 1950, enclosed herewith are three copies of a listing of Deferred Accounts Receivable of War Assets Corporation as at March 31, 1949, showing in detail all accounts over \$5,000, together with a recapitulation of these accounts by period of time during which they are payable, as requested. The recapitulation appears on page 5 of the listing.

If any further information is required in this connection, please let me know.

I am returning herewith the draft Minutes of Evidence of the meeting of May 29, which you were good enough to send to Mr. Mackenzie.

Yours very truly,

G. W. HUNTER,  
*Executive Assistant,  
to Deputy Minister.*

## WAR ASSETS CORPORATION

## ACCOUNTS RECEIVABLE AS AT MARCH 31, 1949

*Dominion Government Accounts*

|  |              |
|--|--------------|
| Department of Labour .....                         | \$ 14,639.43 |
| Department of National Defence .....               | 32,770.69    |
| Department of Public Printing and Stationery ..... | 66,718.31    |
| Department of Public Works .....                   | 19,089.70    |
| 9 accounts under \$5,000.00 .....                  | 14,246.38    |

*Provincial Government Accounts*

|   |           |
|---|-----------|
| Province of Alberta—Department of Public Works .....                    | 11,861.88 |
| Province of Ontario—Hydro Electric Power Commission of<br>Ontario ..... | 23,357.00 |
| 3 accounts under \$5,000.00 .....                                       | 1,094.70  |

*Municipal Government Accounts*

|                                   |          |
|-----------------------------------|----------|
| 4 accounts under \$5,000.00 ..... | 5,924.81 |
|-----------------------------------|----------|

*Deferred Accounts*

|                                      |              |
|--------------------------------------|--------------|
| Acadia Overseas Freighters Ltd. .... | 4,982,680.61 |
| Accessories Manufacturers Ltd. ....  | 25,268.52    |
| Addison Industries Ltd. ....         | 304,211.95   |



*Deferred Accounts (Cont'd)*

|   |              |
|---|--------------|
| Andros Shipping Co. Ltd. ....   | 2,744,818.93 |
| Argonaut Navigation Co. Ltd. ....   | 544,499.40   |
| Arkin, M.; Schwartz, A. O.; Arkin, N. ....  | 58,240.00    |
| Austin Motor Co. (Canada) Ltd. ....   | 176,537.50   |
| Babcock, Wilcox, Goldie McCulloch Ltd. ....   | 37,269.14    |
| Bawden Machine Company Limited ....   | 8,312.46     |
| British Columbia Water Transport Co. Ltd. ....  | 24,000.00    |
| Bowser, S. F., Co. Ltd. ....  | 14,323.00    |
| Branch Lines Ltd. ....  | 560,000.00   |
| British Aeroplane Engines Ltd. ....   | 47,451.85    |
| Brunswick Motors Ltd. ....  | 212,984.72   |
| Canada Iron Foundries Ltd. ....   | 72,876.45    |
| Canada Machinery Corp. Ltd. ....  | 22,830.10    |
| Canadian Car and Foundry Co., Ltd. ....   | 1,132,217.28 |
| Canadian Eastern and Pacific Co. Ltd., and Lacerinoid Products of Canada Ltd. ....                      | 41,250.00    |
| Canadian Exploration Co. Ltd. .... \$ 814,242.67  |              |
| Less: Balance of reserve set up against this account due to conditional nature of terms of payment .... | 814,242.67   |
| Canadian General Electric Co. Ltd. ....   | 1,166,368.96 |
| Canadian Mobile Co. Ltd. ....   | 86,666.67    |
| Canadian Oil Co. Ltd. ....  | 140,000.00   |
| Canadian Shipowners Ltd. ....   | 443,092.36   |
| Canadian Vickers Ltd. ....  | 412,079.61   |
| Canadian Westinghouse Co. Ltd. ....   | 311,578.04   |
| Central Aircraft Ltd. ....  | 11,432.99    |
| Darling Brothers Ltd. ....  | 46,098.35    |
| Dolphin Steamship Co. Ltd. ....   | 277,370.43   |
| Dominion Bridge Co. Ltd. ....   | 428,789.29   |
| Dominion Engineering Works Ltd. ....  | 272,198.07   |
| Dominion Magnesium Ltd. ....  | 1,245,833.18 |
| Dominion Shipping Co. Ltd. ....   | 554,748.72   |
| Dominion Twist Drill ....   | 13,964.10    |
| Eastboard Navigation Ltd. ....  | 639,514.73   |
| Elmac Company ....  | 11,812.50    |
| Fairchild Aircraft Ltd. ....  | 127,000.00   |
| Fairfield, H. C. & L. C., et al ....  | 21,987.54    |
| Federal Commerce & Navigation Co. Ltd. ....   | 917,478.71   |
| Firestone Tire & Rubber Co. of Canada Ltd. ....   | 25,037.21    |
| Fleet Manufacturing Ltd. ....   | 395,657.58   |
| Fleet Aircraft Ltd. ....  | 59,902.48    |
| Forest Industries Ltd. ....   | 10,500.00    |
| Gelatine Products Ltd. ....   | 38,929.61    |
| G. & T. Shipping Limited ....   | 1,201,518.54 |
| Gulf Ports Steamship Co. Ltd. ....  | 164,196.45   |
| Gulf Lines Ltd. ....  | 28,050.00    |
| Hall Engineering Ltd. ....  | 12,352.84    |
| Hayes Steel Products Ltd. ....  | 391,659.44   |
| Heaps Engineering Co. (1940) Ltd. ....  | 28,334.00    |
| Ingersoll Machine & Tool Co. Ltd. ....  | 40,647.48    |
| Inglis, John, & Co. Ltd. ....   | 138,968.02   |
| Ivor Shipping Co. Ltd. ....   | 1,206,602.05 |
| Johnson Walton Steamships Ltd. ....   | 464,441.74   |
| Kennedy, William, & Sons Ltd. ....  | 164,352.35   |
| Kerr Silver Lines (Canada) Ltd. ....  | 230,821.94   |
| Laurentian Shipping Co. Ltd. ....   | 884,215.23   |

*Deferred Accounts (Cont'd)*

|   |              |
|---|--------------|
| Leyland's Limited .....                         | 28,160.00    |
| Light Alloys Ltd. ....                          | 19,687.50    |
| Loblaws Groceteria Ltd. ....                    | 332,500.00   |
| Lunham & Moore Ltd. ....                        | 264,192.34   |
| Lunham & Moore Tankers Ltd. ....                | 166,340.03   |
| Meighen, W. H. Ltd. ....                        | 19,250.00    |
| Montship Lines Ltd. ....                        | 912,511.96   |
| MacDonald Bros. Aircraft Ltd. ....              | 232,880.01   |
| McDougall Co. Ltd. ....                         | 16,964.28    |
| McKinnon Industries Ltd. ....                   | 294,564.87   |
| National Cut Stone Ltd. ....                    | 135,333.34   |
| National Electric Manufacturing Co. ....        | 45,750.00    |
| Navico Shipping Co. Ltd. ....                   | 166,987.86   |
| New Method Laundry Ltd. ....                    | 13,999.99    |
| North American Cyanamid Ltd. ....               | 2,400,000.00 |
| Northern Star Steamship Co. of Canada Ltd. .... | 137,831.29   |
| Northwest Industries Ltd. ....                  | 384,866.98   |
| Otaco Limited .....                             | 15,620.00    |
| Packhurst Realty Ltd. ....                      | 91,875.00    |
| Pic Bell Ltd. ....                              | 144,656.36   |
| Pictou Foundry & Machine Co. Ltd. ....          | 11,500.00    |
| P. & T. Steamship Co. Ltd. ....                 | 1,208,233.32 |
| Reliance Motor & Machine Works Ltd. ....        | 6,052.94     |
| Rogers Majestic Ltd. ....                       | 367,500.00   |
| Saguenay Terminals Ltd. ....                    | 2,256,582.70 |
| Scarborough, Township of .....                  | 232,500.00   |
| Seaboard Owners Ltd. ....                       | 1,614,425.65 |
| Shawinigan Chemicals Ltd. ....                  | 757,346.24   |
| Shurley-Dietrich-Atkins Co. Ltd. ....           | 25,800.00    |
| Seagull Steamship Co. of Canada Ltd. ....       | 854,956.18   |
| Sommerville Limited .....                       | 300,000.00   |
| Squamish Fishing & Packing Co. Ltd. ....        | 20,000.00    |
| Standard Machine & Tool Co. Ltd. ....           | 17,772.40    |
| Steinbergs Wholesale Groceterias Ltd. ....      | 320,000.02   |
| Terra Nova Steamship Co. Ltd. ....              | 187,071.43   |
| Thompson Products Ltd. ....                     | 100,057.39   |
| Thompson Brothers Machinery Co. Ltd. ....       | 30,652.30    |
| Topco Limited .....                             | 68,031.80    |
| Triton Steamship Co. Ltd. ....                  | 1,380,809.40 |
| Vancouver Engineering Works Ltd. ....           | 40,698.79    |
| Vancouver Oriental Lines Ltd. ....              | 802,403.38   |
| Vivian Diesels & Munitions Ltd. ....            | 19,351.72    |
| Webb, Gifford Ltd. ....                         | 13,702.37    |
| Welland County Hospital .....                   | 9,278.35     |
| Weston, George, Ltd. ....                       | 480,000.00   |
| Westminster Iron Works Co. Ltd. ....            | 9,303.15     |
| 20 accounts under \$5,000.00 .....              | 39,069.37    |

*Trade Accounts*

|   |           |
|---|-----------|
| Fairchild Aircraft Ltd. ....            | 47,570.58 |
| Midland Shipyards Ltd. ....             | 7,500.00  |
| Molybdenite Corporation of Canada ..... | 78,561.50 |
| Page & Sons Ltd. ....                   | 7,960.76  |
| Roe, A. V., of Canada Ltd. ....         | 5,640.54  |

*Trade Accounts (Cont'd)*

|  |            |
|--|------------|
| St. Lawrence Manufacturing Co. ....  | 81,896.00  |
| University of Toronto .....  | 8,114.16   |
| Vancouver Engineering Works .....  | 6,436.17   |
| White Canadian Aircraft Limited .....\$ 234,214.71   |            |
| Less: Reserve against this account due to<br>doubtful nature of our claim for<br>discrepancies ..... | 232,139.99 |
| 77 accounts under \$5,000.00 .....   | 2,074.72   |
|  | 62,911.30  |

*Foreign Accounts*

|  |                  |
|--|------------------|
| Brand, R. A., Co. Ltd. ....                  | 125,764.77       |
| Carbide & Carbon Chemicals Corporation ..... | 5,642.00         |
| Mannerfrid, Henrich, Inc. ....               | 5,194.62         |
| Netherlands Government .....                 | 119,033.03       |
| Thorne, C. J. & Co. Ltd. ....                | 8,000.00         |
|  | <hr/>            |
|  | \$ 41,383,046.88 |

## RECAPITULATION

*Current Accounts:*

|  |               |
|--|---------------|
| Dominion, provincial and municipal<br>Governments and trade accounts ..... | \$ 762,003.05 |
|--|---------------|

*Deferred Accounts:*

|                              |                  |
|------------------------------|------------------|
| Payable within 5 years ..... | \$ 24,527,150.08 |
| " " 10 " .....               | 12,823,161.47    |
| " " 15 " .....               | 2,024,899.10     |

*Subject to special terms:*

|  |               |
|--|---------------|
| (1) Canadian Explora-<br>tion Co. Ltd. ....\$ 814,242.67 |               |
| Less: Reserve .....                                      | 814,242.67    |
| (2) Dominion Magnesium Ltd. ....                         | 1,245,833.18  |
|  | <hr/>         |
|  | 40,621,043.83 |
|  | <hr/>         |
|  | 41,383,046.88 |

(1) Payable in annual payments equal to 50% of net profits to be made within six months after close of purchaser's financial year.

(2) Payable in yearly payments of not less than one cent (1c) per pound of magnesium sold from the property during the year in respect of which any such payment is made and not less than \$50,000. in any one year (including interest).



## APPENDIX B

## DOMINION BUREAU OF STATISTICS

## MEMORANDUM ON THE QUINQUENNIAL CENSUS OF THE PRAIRIE PROVINCES

The basic reason for these quinquennial censuses was the opening up of the West bringing about rapid population changes and development of natural resources. A more frequent measurement than every ten years was a real need. This was felt so strongly in the case of the three Prairie Provinces that a provision requiring a census of population and agriculture every five years was inserted in the Acts constituting these provinces as well as in the Statistics Act itself.

Quinquennial Censuses of Population and Agriculture have been taken every ten years in Manitoba since 1886, and in Saskatchewan and Alberta since 1906.

The Acts which created the Western provinces provided for such censuses and the Census and Statistics Act, and later the Statistics Act, made provision for them.

For example, the Alberta Act (4-5 EDWARD VII, Chapter 3) to establish and provide for the Government of the Province of Alberta provides in Section 18 subsection (b) that "A census of the said province shall be taken every fifth year, reckoning from the general census of one thousand nine hundred and one.

The quinquennial census is, therefore, a matter of constitutional right.

The use of quinquennial census data as a basis for subsidies is only one of a great many uses to which it has been put. From the outset, i.e., the first quinquennial census taken in Manitoba in 1886 the census was not a mere count of noses but was of a very comprehensive character. In the Act providing for it (assented to 1st May, 1885) its scope was prescribed as follows:

The Census shall be so taken as to ascertain, with the utmost possible accuracy, in regard to the various territorial divisions of the country,—their population and the classification thereof, as regards age, sex, social condition, religion, education, race, occupation and otherwise,—the houses and buildings therein, and their classification as dwellings, inhabited, uninhabited, under construction and otherwise,—the occupied land therein, and the condition thereof, as town, village, country, cultivated, uncultivated and otherwise,—the produce, state and resources of the agricultural, fishing, lumbering, mining, mechanical, manufacturing, trading and other industries thereof,—the municipal, educational, charitable and other institutions thereof,—and whatsoever other matters are specified in the forms and instructions to be issued, as is hereinafter provided.

Indeed, its scope in some respects was greater than recent censuses. As statistical organization developed some of the fields covered were put on a more frequent basis, as, for example, the industrial census. But the quinquennial census has always covered both population and agriculture in a broad way.

It furnishes very valuable information. The data obtained in the population census (quinquennial) are certainly used a great deal and serve many purposes.

The quinquennial agricultural census is particularly useful. It provides important information to measure changes going on in the agriculture industry. The Bureau of Statistics, in co-operation with the provincial Departments of Agriculture (Department of Trade and Commerce in Quebec) and the Federal Department of Agriculture publishes estimates annually of the acreages seeded to various crops and numbers of live stock on hand. Production estimates are issued for crops, live stock, dairy, poultry, and miscellaneous products. In all this work of providing annual and monthly estimates the census is an important source and, in most cases, the only source of a starting point or 'bench mark'.

The importance of a 'bench mark' can be readily illustrated in connection with estimating wheat acreage. Each June a mail questionnaire is sent to farmers across Canada with the request that they enter the number of acres sown to wheat and each other crop as well as the number of live stock on hand and the disposition of the same. About 15 per cent of the farmers send in replies and on the basis of this sample the percentage change in say, wheat acreage, between two successive years is obtained. For the year following the census the percentage change is applied to the census figure of wheat acreage. This procedure is carried on until a new census figure becomes available.

When the census figures become available the series for each kind of grain and live stock is adjusted, if necessary, to the new census base. In the Prairie Provinces the adjustment can be made every five years, and in the rest of Canada, every ten years. During the intercensal years estimates do frequently get out of line. The provision of a quinquennial census aids greatly in providing more accurate statistics on grain acreages, which undergo rapid shifts in the Prairie Provinces. Certain crops like flaxseed are not grown over wide areas and, therefore, changes are more difficult to estimate by sampling methods. A census 'bench mark' is especially important for such crops. In estimating such items as numbers of hogs and poultry, rapid changes do take place and the importance of having frequent 'bench marks' is paramount because if the series gets out of line for one year the error can be cumulative in character.

At the present time the quinquennial census returns in the Prairie Provinces do result in more accurate annual statistics for agriculture. About 40 per cent of the farms of Canada are located in these provinces and 66 million of the 99 million cultivated acres. Commercial production of wheat, and to a large extent oats and barley, is centred in the Prairies. Production of live stock and live stock products is important in that surpluses are produced for export and utilization in deficit producing areas in other parts of Canada. Provision of quinquennial 'bench marks' to check annual agricultural estimates is, therefore, of particular importance in the Prairie Provinces.

The Prairie Provinces themselves make a great deal of use of the quinquennial census of Agriculture. After 1946 the Bureau was under continuous pressure to get the results out quickly. The data are in constant use as 'bench marks' on which to build current estimates. One advantage of a complete census is that information is available for small areas. With this as a basis current estimates can be made for these small areas and much of the interest in the Prairie Provinces is in local area situations.

## PAYMENTS TO OUTSIDE ARCHITECTS

FISCAL YEAR 1948-49

| Department  | Payee  | Amount    | Total        |
|---|--|-----------|--------------|
| Agriculture.....  | J. V. Connor.....                                      | \$ 780 00 |              |
|   | Riddle and Connor.....                                 | 7,500 00  | \$ 8,280 00* |
| External Affairs—   |  |           |              |
| England.....  | G. P. Scott.....                                       | 29 62     |              |
| England.....  | T. E. Scott.....                                       | 3,163 55  |              |
| France.....   | Y. Courcoux.....                                       | 37 92     |              |
| Denmark.....  | Albert Oppenheim.....                                  | 63 00     |              |
| Netherlands.....  | P. C. Oosthoek.....                                    | 160 85    | 3,454 94     |
| Mines and Resources—                                      |  |           |              |
| Lands and Development:                                    |  |           |              |
| Services Branch.....                                      | Victor P. Belcourt.....                                | 1,843 62  |              |
|   | H. S. Brennan.....                                     | 3,510 00  |              |
|   | E. T. Brown.....                                       | 3,400 00  |              |
|   | R. A. Frechet.....                                     | 1,170 04  |              |
|   | Rule, Wynn and Rule.....                               | 10,080 49 | 20,004 15    |
| Indian Affairs.....                                       | W. E. Noffke.....                                      | 21,000 00 |              |
|   | M. Payette.....  | 4,264 54  | 25,264 54**  |
| Immigration Branch.....                                   | Thos. E. Scott (England).....                          | 4,650 62  | 4,650 62     |
| National Defence.....                                     | D. A. Webber.....                                      | 13,332 59 |              |
|   | E. C. Cox.....   | 13,591 57 |              |
|   | Fetherstonhaugh, Durnford,<br>Bolton and Chadwick..... | 30,000 00 |              |
|   | H. W. Lea.....   | 5,000 00  |              |
|   | Amyot, Marchand and Legare.....                        | 15,000 00 | 76,924 16    |
| National Health and Welfare... Northwood and Chivers..... |  | 2,000 00  | 2,000 00*    |
| Public Works.....   | Canadian National Railways..                           | 6,963 78  |              |
|   | Gaston Amyot.....                                      | 6,675 00  |              |
|   | J. L. Caron.....                                       | 9,000 00  |              |
|   | Charles B. Dolphin.....                                | 54,690 28 |              |
|   | J. S. Lefort.....                                      | 7,298 49  |              |
|   | Ross A. Lort.....                                      | 12,274 54 |              |
|   | P. Leonard James.....                                  | 45,000 00 |              |
|   | W. E. Noffke.....                                      | 8,606 17  |              |
|   | J. J. Perrault.....                                    | 45,000 00 |              |
|   | Hazen Sise.....  | 2,800 00  |              |
|   | Thos. E. Scott (England).....                          | 1,441 63  |              |
| National Capital Planning                                 |  |           |              |
| Service.....  | Edouard Fiset.....                                     | 6,187 50  |              |
|   | Jacques Greber.....                                    | 6,000 00  | 211,937 39   |
| Reconstruction and Supply—                                |  |           |              |
| National Film Board.....                                  | Hazen Sise.....  | 800 00    | 800 00       |
| Trade and Commerce—                                       |  |           |              |
| National Research Council... Leslie R. Fairn.....         |  | 983 88    |              |
|   | Gentil J. K. Verbeke.....                              | 8,967 22  | 9,951 10*    |
| Transport.....  | German E. Milne.....                                   | 46,213 68 |              |
|   | P. E. McGrail.....                                     | 1,107 90  | 47,321 58    |
| Veterans Affairs.....                                     | Allward & Gouinlock.....                               | 75,140 75 |              |
|   | H. S. Brennan.....                                     | 53,818 73 |              |
|   | J. V. Connor.....                                      | 13,856 93 |              |
|   | Charles A. Jean and G.<br>Fernand Caron.....           | 42,000 00 |              |
|   | Eugene Larose.....                                     | 30,498 00 |              |
|   | Ross & MacDonald.....                                  | 5,891 51  |              |
|   | George G. Teeter.....                                  | 5,942 26  |              |
|   | Andrew L. Mercer.....                                  | 2,288 95  | 229,437 13*  |
| TOTAL.....  |  |           | \$640,025 61 |

\* Paid by Department of Public Works in connection with construction for this Department.

\*\* Paid by Lands and Development Service in connection with construction for this Branch.



**Appendix "I"**

OTTAWA, June 1, 1950.

Dr. R. B. Bryce,  
Assistant Deputy Minister,  
Department of Finance,  
Confederation Bldg.,  
Ottawa.

Dear Dr. Bryce:

With reference to the actuarial position of the Government Annuity Fund, I wish to advise that the annuity fund is constantly under review inasmuch as a valuation must be made each year as required by Section 15 of the Government Annuities Act. This Section also provides that the mortality tables to be used shall be those specified in the Regulations approved by The Governor-in-Council under Section 13 of the Act. Subsections 1 and 2 of Section 4 of the Government Annuities Regulations call for the use on and after April 19, 1948, of the British Mortality Tables contained in "The Mortality of Annuitants, 1900-1920", known as "a(f) and a(m) tables", with reduction of three years in age. The actuary of the Annuities Branch makes the valuation.

In 1936 it was found that the mortality basis was not adequate, and an interim increase in rates of 15 per cent was put into effect pending an independent mortality study by Professor M. A. Mackenzie of the University of Toronto, who was engaged for the purpose.

As a result of Professor Mackenzie's study a new mortality table was adopted in 1938. This changed the valuation basis, and it was necessary to transfer \$8,941,195.84 to the annuities fund to strengthen the reserve to the then current mortality level.

The rates and mortality tables adopted in 1938 continued in effect until 1948, when it was again found that the mortality experience warranted a further increase in premiums and valuations. As a result the rates were increased, effective April 19, 1948, and the interest rate for new business reduced from 4 per cent to 3 per cent by the Government, since this was approximately the rate for Government bonds. An amount of \$11,408,468.42 was necessary to strengthen the reserve as a result of the new basis of mortality. This amount was transferred to the annuities fund as of March 31, 1949.

As old deferred annuities mature each year, however, and become vested annuities, they are valued on the new basis. This action requires an additional transfer to the fund. Last year this transfer was \$1,250,000.00. Consequently, then, in addition to the rather large amounts transferred to the fund from time to time when there has been a change in the mortality basis, such as in 1938 and 1948, an annual transfer is required and made on account of old contracts maturing and becoming payable.

To check on our interpretation of the mortality trend Mr. W. A. Jenkins, Vice-President and Actuary, Teacher's Insurance and Annuity Company of New York, was engaged in 1948 to examine the mortality data compiled by the Annuities Branch. Mr. Jenkins reported in 1949 that the mortality tables being used by the Annuities Branch were adequate.

Mortality studies over the past 50 years, whether based on population, insured lives, or annuitants, all show increasing longevity. Improvement in sanitation, working conditions and medical science indicates that this trend will continue.

The 1948 annuity rates make allowance for some further increase in longevity.

Yours very truly,

A. MacNAMARA.

## APPENDIX E

May 22, 1950.

DEAR MR. BRYCE:—Referring to our telephone conversation regarding certain questions concerning the Estimates of this Department, asked at the Wednesday, May 10th session of the Standing Committee on Public Accounts.

Item 27 Maritime Freight Rates Act, page 303—Question by Mr. Johnston. Is the Maritime Freight Rates Act comparable to the Crows Nest Pass Agreement?

The Maritime Freight Rates Act authorized a 20 per cent reduction in existing freight tariffs on certain preferred movements in the territory designated in the Act. The Act also provides for the same reduction in additional tariffs, or increase in tariffs authorized from time to time. Under the Act, the tariff of tolls established to be paid by the shippers, are 80 per cent of the normal tariffs, and the Government contributes 20 per cent, which is paid to the Railways to bring the existing tolls to normal. Covering items are included in the Estimates of this Department each year to provide for the 20 per cent contributions by the Government.

Under the Crows Nest Pass Agreement authorized by Chapter 5, Acts of 1897, the Canadian Pacific Railway in return for certain subsidies granted, agreed to reduce rates on certain commodities moving in the territory specified in the Act. Subsequent amendments to the Railway Act have changed certain provisions of the original agreement. The amendment to Subsection 5 of Section 325 of the Railway Act in 1925 provided that, notwithstanding anything in this Subsection contained, rates on grain and flour shall, on and from the 27th day of June, 1925, be governed by the provision of the Agreement made pursuant to Chapter 5 of the Statutes of Canada, 1897, but such rates shall apply to all such traffic moving from all points on all lines of Railway west of Fort William, to Fort William or Port Arthur, over all lines now or hereafter constructed by any Company, subject to the jurisdiction of Parliament.

It will be noted that the two Agreements are not comparable. Under the Maritime Freight Rates Act, the Government compensates the Railways for the loss in revenue by reason of their filing tariffs 20 per cent below the normal, but does not compensate the Railways for any loss of revenue due to the limitations in the tariffs imposed upon them by the Crows Nest Pass Agreement.

Can you tell me if there is any application being made by the Railways to have the amount increased?

No application has been received from the Railways to increase the present contribution of 20 per cent authorized under the Maritime Freight

Rates Act, but the Province of New Brunswick, in its submission to the present Royal Commission on Transportation, has requested that the Government's contribution under the Act be increased from 20 per cent to 30 per cent.

Page 304—Question by Mr. Langlois—breakdown of Vote Number 494, Maritime Freight Rates Act, Other Railways—\$1,450,000.

The estimate required for each of the Railways for the calendar year 1950, included in this Vote, is as follows:

|  |             |
|--|-------------|
| Canada and Gulf Terminal Railway Company .....   | \$ 23,500   |
| Canadian Pacific Railway, including Fredericton and<br>Grand Lake Coal and Railway Company and New<br>Brunswick Coal and Railway Company ..... | 549,000     |
| Cumberland Railway and Coal Company .....  | 40,500      |
| Dominion Atlantic Railway Company .....  | 360,000     |
| Maritime Coal, Railway and Power Company .....   | 22,500      |
| Sydney and Louisburg Railway Company .....   | 454,500     |
| Total .....  | \$1,450,000 |

Yours faithfully,

J. C. LESSARD,  
*Deputy Minister.*

R. B. Bryce, Esq.,  
Assistant Deputy Minister of Finance,  
OTTAWA, Ontario.



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Canada. Public Accounts  
Committee on, 1950

March 1950  
P. 11

(SESSION 1950

HOUSE OF COMMONS

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1950  
4.21

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

THURSDAY, JUNE 8, 1950

WITNESSES:

- Mr. Watson Sellar, C.M.G., Auditor General.
- Mr. R. B. Bryce, Assistant Deputy Minister of Finance.
- Mr. W. J. Bennett, President and Managing Director, Eldorado Mining and Refining (1944) Limited.
- Mr. Herbert Marshall, Dominion Statistician.
- Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.S.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950



## STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

Chairman: L. Philippe Picard, Esq.

Vice-Chairman: David Croll, Esq.

Messrs.

|                                   |   |   |
|-----------------------------------|---|---|
| Anderson                          | Fleming                                       | Pinard                                      |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Prudham                                     |
| Balcer                            | Fulford                                       | Richard ( <i>Gloucester</i> )               |
| Beaudry                           | Fraser  | Richard ( <i>Ottawa East</i> )              |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Riley                                       |
| Blue                              | Hansell                                       | Robinson                                    |
| Boisvert                          | Helme   | Sinclair                                    |
| Boivin                            | Homuth  | Stewart ( <i>Winnipeg<br/>North</i> )       |
| Brisson                           | Johnston                                      | Thatcher                                    |
| Browne ( <i>St. John's West</i> ) | Kirk ( <i>Antigonish-<br/>Guysborough</i> )   | Thomas                                      |
| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Warren                                      |
| Cavers                            | Langlois ( <i>Gaspé</i> )                     | White ( <i>Hastings-<br/>Peterborough</i> ) |
| Cleaver                           | Larson  | Winkler                                     |
| Cloutier                          | Macdonnell                                    | Wright                                      |
| Cruikshank                        | Major   |   |
| Denis                             | Maybank                                       |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

Clerk: A. L. Burgess.

## MINUTES OF PROCEEDINGS

THURSDAY, June 8, 1950.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. David Croll, presiding.

*Members present:* Messrs. Ashbourne, Blue, Boisvert, Brown (*St. John's West*), Cauchon, Drew, Fulford, Fraser, Gauthier (*Portneuf*), Hansell, Helme, Kirk (*Digby-Yarmouth*), Johnston, Larson, Major, Prudham, Richard (*Ottawa East*), Stewart (*Winnipeg North*), Thatcher, Thomas, Warren, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. R. B. Bryce, Assistant Deputy Minister of Finance; Mr. W. J. Bennett, President and Managing Director, Eldorado Mining and Refining (1944) Limited; Mr. Herbert Marshall, Dominion Statistician; Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development.

The Vice-Chairman tabled the following documents which are printed as appendices to this day's minutes of proceedings and evidence:

*Appendix A:* Details of receipts by the Atomic Energy Control Board for the fiscal year 1948-49;

*Appendix B:* List of properties of a productive, operating or commercial nature, owned by the Crown or Agencies of the Crown, March 31, 1948 to May 31, 1950;

*Appendix C:* Supplementary List of Properties owned by the Crown and used for Commercial Purposes, as furnished by the Public Works Department.

Examination of Messrs. Sellar and Bennett on paragraphs 139, 140 and 147 of the Auditor General's Report for the fiscal year 1948-49 was concluded.

Mr. Bennett retired.

Mr. Marshall was called, heard regarding the quinquennial census of the prairie provinces, questioned and retired.

Mr. Gibson was called and questioned.

At 1.20 o'clock p.m., the Committee adjourned until Monday, June 12, at 4.00 o'clock p.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 8, 1950.

The Standing Committee on Public Accounts met this day at 11:30 a.m. The Vice-Chairman, Mr. David A. Croll, presided.

The VICE-CHAIRMAN: Gentlemen, we have a quorum present. I have here the answer to a question asked by Mr. Fraser dealing with paragraph 64 which Mr. Sellar has prepared and which I will put on the record.

(See appendix A).

It is intended that we should start on War Assets on Monday. A list of the properties that Mr. Drew asked for is now being printed and should be available tomorrow for everyone.

(See appendix B).

The Public Works Department list is incomplete and I think Mr. Drew had a talk with Mr. Fournier; that list will be available tomorrow in mimeographed form.

(See appendix C).

The War Assets deferred accounts will be available some time today and it will also be distributed. The Chairman indicates it is the intention to continue sitting every day once we get into War Assets.

Now, we are on Eldorado, gentlemen. We have two witnesses here this morning—

Mr. DREW: Just before we proceed with that, Mr. Chairman, I would like to deal with a letter that has been received by every member of the committee and which, I think, in error, was dated May 31st, because it was received by all of us on June 7th.

The VICE-CHAIRMAN: From whom?

Mr. DREW: From Mr. Picard. Did you not receive one?

The VICE-CHAIRMAN: I did not see it.

Mr. DREW: I think you will find you have one because I think perhaps it was given to every member of the committee. I do not want to precipitate a discussion at the outset that will delay the proceedings, but I think it will be much better if we deal with this in committee instead of complying with the suggestions made. The proposal put forward in this letter is that members of the committee write to the Clerk of the Committee by 6:00 p.m. today making their suggestions as to the way in which we can best expedite the proceedings. My own opinion is that the process of digesting these various recommendations by letter would in itself involve a very much greater time than is we settled the matter very simply here in the committee. Now, I do not want to take exception to the wording but I do not think that the second paragraph is worded in the way that is not in keeping with the intent that has been shown by the members generally who have attended here. It reads as follows:

Assuming that members of the committee would wish to perform their work in connection with the public accounts with a view to obtain practical results and not with any so-called political or publicity-seeking

motives. I think that it would expedite our work if we could obtain from members of the committee their suggestions as to how we could work efficiently having regard to the possible number of meetings to be held before the last week of the session.

Now, I think one thing that has characterized these meetings is that, except for any incidental exchanges that may have taken place between individuals, and that has been extraordinarily limited when you consider the pressure under which the committee has been meeting, there has been no suggestion of the intent that is referred to in this paragraph, and I would say that this committee already has had very extensive results in the information that is now before it. I would point out that War Assets Corporation will have its representatives here on Monday. There is no doubt that that will take several days at least. It is not possible, of course, to deal with specific items in the War Assets Corporation until the War Assets Corporation is before us, and until the report to which you refer, which is being prepared by Mr. Bryce, is before the committee it will not be possible to discuss specific items that will be before War Assets Corporation.

Now, if there is any desire that we should indicate what will follow the disposition of a consideration of the War Assets Corporation I would indicate that I wish to proceed with certain items in the Department of National Health and Welfare. I will be very pleased to indicate which items I wish to deal with first in adequate time so that that can be prepared before we finish with War Assets. When we dispose of the Department of National Health and Welfare I wish then to proceed with certain items in Public Works, and I will be very happy to let you know in advance what specific items I wish to deal with. I do not want it to be inferred that I am seeking a priority. I am merely indicating for myself what items I would wish to deal with and leaving the discussion open for anyone else to suggest the course they wish to follow. I think there will be plenty of time by next Monday when we meet to discuss the War Assets Corporation for us to consider in the meantime and decide then which department will come on next, and if desirable, which items we wish to deal with in the department. I would therefore suggest that instead of anyone writing today to make these suggestions, which will produce quite a problem in digestion, that we give this consideration until Monday and that on Monday we will then decide what we will follow after we dispose of War Assets.

Mr. THATCHER: Could I make one comment on this, Mr. Chairman? I made a motion about two or three weeks ago that we go into public accounts and the chairman said at that time that when these witnesses were through we would get on with the public accounts and I think that it is still the duty of this committee to do so.

The VICE-CHAIRMAN: Let us not get off the track. It is a hot day today and we do not want to get into any arguments. We have to finish what we have at the moment. Then we will go into War Assets. Then it was intended to call a meeting of the steering committee and the steering committee will make a recommendation to the whole committee as to what we will deal with next. There are some suggestions already before the steering committee and now with your suggestion, and Mr. Stewart's they will all be considered, be brought back to the committee, and I can assure you that there will be ample work before this committee.

Mr. JOHNSTON: Mr. Chairman, before you leave that subject, in view of the fact that you just suggested the steering committee will be meeting Monday I understood it was the intention of the letter to have each member indicate the subjects which he wishes to discuss so that the steering committee would be able to digest them on Monday, as Mr. Drew put it. Speaking for myself, I wish to say I answered the letter and in effect suggested that that letter



be read here in the committee and the committee itself decide rather than have each individual member put forward a variety of things he wished discussed, because it seems to me it will involve the steering committee in an immense amount of work.

The VICE-CHAIRMAN: There are only so many matters that this committee can deal with exhaustively and we have got a fairly large agenda before us. Once we finish with these items —

Mr. JOHNSTON: My point was that the committee here should deal with the letter instead of writing individually to the chairman.

The VICE-CHAIRMAN: There is no purpose in dealing with it here at the moment. A few members did speak to me and I made some suggestions, but I think the matter should go to the steering committee. You are a member of the steering committee, Mr. Johnston, you will know just what to bring forward, and the others will also.

Mr. STEWART: As I recall the report of the steering committee, Mr. Chairman, it was that we were to hear the Auditor General and then go on to public accounts.

The VICE-CHAIRMAN: I do not know that there is any such report, I think we discussed it.

Mr. STEWART: I remember that report distinctly.

The VICE-CHAIRMAN: We will just look at it.

Mr. DREW: Just for the purpose of the record so there may be no misunderstanding I was to make it clear that the suggestion I made was a suggestion on behalf of the members of my party on this committee, that it represents their view as well as my own.

The VICE-CHAIRMAN: Well, the record will speak for itself and we will deal with it at the proper time.

This morning we have Mr. Bennett, concluding with Eldorado Mining.

**Mr. W. J. Bennett, President and Managing Director, Eldorado Mining and Refining (1944) Limited, recalled:**

*By Mr. Richard:*

Q. There are one or two questions about Eldorado which I would like to ask. I do not think we have on the record yet the names of the board of directors, or the profit and loss statement since the crown corporation took over.—A. You want the names of the directors first and then—?

Q. Then the statement of profit and loss on your operations.—A. The names I gave the other day were those of the El Bonanza directors. The Eldorado directors are—and I shall give them to you in alphabetical order—R. T. Birks, K.C., of Toronto. Mr. Birks is the president of East Malaretic and a director of several mining companies; Dr. W. F. James, of Toronto, who is a consulting geologist; John A. MacAuley, K.C., of Winnipeg; Charles C. Williams, of Toronto, who has recently retired as Professor of Mining at Toronto University and Fraser D. Reid, of Toronto, who is a mining engineer and also an expert on milling; and, of course, myself. I might also mention that Mr. Birks, Mr. MacAuley and Mr. Reid have been on the Eldorado board since 1940, that is, they were on the board prior to expropriation; Mr. Williams and Dr. James came on the board in 1945, and I came on in 1946.

Q. Then could we have the statement of your profits or losses since Eldorado was taken over?—A. Yes. The figures are shown in the public accounts reports: For 1944 there was a profit of \$126,474; for 1945, a loss of \$338,965; 1946, a

profit of \$195,547; 1947 a profit of \$1,416,488; and in 1948 the statement shows a profit of \$1,335,400; these figures, of course, are after depreciation and depletion.

*By Mr. Winkler:*

Q. I would like to ask Mr. Bennett at the time Eldorado was taken over by the government was a valuation placed on El Bonanza?—A. Do you mean in the balance sheet?

Q. Yes.—A. In the last balance sheet prior to expropriation and dated January 28, 1944, the 2,429,334 shares were shown at a value of \$15,001.

Q. Was a valuation placed on it for the government?—A. Following the expropriation of the property, or rather of the shares, there was an appraisal made. I believe Mr. Sellar or some members of Mr. Sellar's staff, had a part in the appraisal; and as I recollect it the company's auditors were also consulted—the company auditors were P. S. Ross and Sons—and as a result of that appraisal the value of the holdings was written down to \$1.

The VICE-CHAIRMAN: Actually, I think it is slightly below \$7.

The WITNESS: Six dollars is shown but \$5 represents some other assets of doubtful value.

The VICE-CHAIRMAN: Yes, I see.

*By Mr. Drew:*

Q. Now, Mr. Bennett, I will explain the purpose of my question merely so that you may understand it is not directed to the question of the possible value of these shares. The thing which concerns me is that there is a procedure here under which property owned by a crown corporation can be disposed of without public notice and without reference to the government. Now, in this case you have explained a decision was reached that it was wise to dispose of these holdings in a mine that had not been operating and that negotiations were then carried out through Mr. Sterritt and Mr. J. J. Greig and that as a result of these negotiations these 2,429,334 shares were sold for \$25,000. You indicated that this offer of \$25,000 was regarded as a satisfactory one in view of the information you had and you also stated that this decision was made by the board of the crown corporation without reference to the government. Now, what I am concerned with is a pattern which does not relate only to this particular case but relates to other cases as well where we have property disposed of without the long established procedure of public notice. I would like to know just exactly how these negotiations were opened up with Mr. Sterritt as a result of which this property was disposed of for the amount indicated.—A. I have made a few notes in an effort to try to get the story in its proper sequence. I discovered yesterday on examining the transcript of my remarks of Tuesday that perhaps the time sequence was not as clear as it might have been. First of all, we were dealing, as I endeavoured to point out, with a rather difficult situation. It had been suggested by the Auditor General on a number of occasions that steps should be taken to clarify our position. We had discussed with his representative how we should go about extricating ourselves from the predicament. The general view was that we should take steps to have the company wound up. At the same time we were receiving letters from the public who held the balance of the issued shares enquiring as to why something was not done with the property. As I pointed out the other day we were not the management of the company—I mean by “we” that Eldorado was not the corporation, but merely a shareholder. In my view, in which the directors concurred, there were three steps which we could take. The first was to acquire the holdings in the hands of the public. Obviously, that was not a very practical solution because the stock so far as

we could discover had not traded since 1936 or 1937. It would be difficult to find a suitable method of buying the stock other than by advertising; and, of course, the moment we did that, the stock in all probability would take on a fictitious value. There would be a natural suspicion on the part of the stockholders that the property had some value and we were trying to get control of all the shares. The second course, which we considered, was that Eldorado might dispose of its shares. There again there was the problem of finding a satisfactory means of accomplishing the objective. The stock was not listed, and had not been traded for many years. It certainly did not strike the directors and myself as a practical proposal that we should advertise that this block of shares was for sale. Discussion of these several plans went on for a considerable period of time. This El Bonanza item in our balance sheet has been a problem, for several years, as the Auditor General can tell you. Finally we decided upon a third course. We would try and persuade the president of the company who at that time was on the board of Eldorado, Mr. Labine, that he try to find enough directors to call a directors meeting at which meeting a decision might be made to call a shareholder's meeting. That decision was given effect to at a meeting of the Eldorado directors held on June 3, 1949. I may say that Mr. Labine anticipated considerable difficulty because several of the directors I believe had died and the address of another director was unknown; so that while we did decide that this was the way we should proceed, there was still the problem of getting a directors meeting organized and fixing a date for a shareholders meeting. As I say, the decision to follow that course was taken on June 3, 1949. Mr. Labine was unable to arrange a meeting of the directors in June or July. On July 18th, I received a letter from J. R. Sterritt written on behalf of a client, and enquiring as to the possibility of purchasing the Eldorado holdings in El Bonanza—The letter was, not a formal offer, but more in the nature of an inquiry. The statement was made by Mr. Sterritt that his client would be prepared to pay \$25,000. The name of the client, was not disclosed. I replied to Mr. Sterritt and advised him that his proposal would be taken under consideration, and would have to be referred to the board of directors. I then reviewed the reports on the property, the two reports which were made in previous years. I also got in touch with both the geologists who had made these reports, advised them that we had received an offer, the amount of the offer, and asked them, if they still supported the opinion which they had expressed in their reports. They both indicated to me that they did, and they both suggested that the amount offered was, as I mentioned Tuesday, a handsome offer. In order to be absolutely certain as to the probable value of the property I also asked our Director of Exploration, Dr. E. B. Gillanders, to go to the property and make a thorough examination. I communicated with him shortly after I received Mr. Sterritt's letter. He went to the property shortly after and advised me late in August that his opinion coincided with the opinion expressed by the other men. He too expressed the view that this offer was a good one. As we were not having a meeting of the directors until the early part of October, I sent a copy of the correspondence with Mr. Sterritt to the directors. In the meantime Mr. Sterritt had had some conversations with Dr. James our Vice President in Toronto. I suggested to the directors that they should read the correspondence and if there were any further details they required, they should get in touch with Dr. James.

We received a formal offer from Mr. Sterritt on September 16 including 10 per cent of the purchase price, \$2,500. This offer was discussed at a Board meeting on October 6, and on my recommendation it was accepted. I mentioned on Tuesday that the transaction was completed on December 1st. Actually the agreement to sell was executed on October 6 on the afternoon of the day



the directors' meeting was held. The final cheque was received on November 24, when we delivered certain documents involved in the transaction.

In so far as reference to the government is concerned, I stated Tuesday that there was no specific reference to the Government. I intended to convey by that that there was no approval by order in council or anything of that kind obtained. Of course our minutes are submitted to the minister to whom we report.

Q. That is to the Hon. Mr.?—A. To the Right Hon. Mr. Howe, for his approval. And I would, of course, make it a practice, as I am required to do, of reporting to him on all matters of major policy.

Q. The point I am still interested in is why it was not regarded as advisable to insert some advertisement in the press to the effect.—A. That it had been sold?

Q. No; that it was for sale. Why was not that done?—A. As I have pointed out, we had investigated very thoroughly the desirability or advisability of endeavouring to sell the stock in that fashion. We did not regard this method of disposal as practical or as likely to bring results having in mind the fact that these particular holdings had been carried on the books of Eldorado since 1940 at purely nominal values. That is, they were carried on the books of the company prior to expropriation at a very nominal value.

Q. The reason I am interested in it is this: that that stock is quoted at present at 13 to 15 cents a share as an unlisted stock, which means that that stock which was sold for \$25,000 at the present time would have a value of \$315,000.

The VICE-CHAIRMAN: Has it any takers?

*By Mr. Drew:*

Q. It is quoted.—A. We could never have sold 2,429,000 shares of this stock at anything like that figure.

Q. You spoke about the fact that if you had advertised that you were seeking to buy the minority stock which Eldorado held, 2,400,000 out of 3,400,000 issued shares, you would have created a fictitious value. I quite agree with you that that would be so. But at the same time the value of a mine is only something which is ultimately determined by whether they do or do not strike a profitable ore body. So it would seem to me that ordinary caution would have suggested that there be some notice because, in the interests of mining, there might be a highly speculative value on the other side. So I cannot just understand why that was not done.—A. Perhaps I was too close to the general mining situation with respect to radio active minerals and had, too comprehensive a grasp of what the value of a property would be in a certain location. As I indicated on Tuesday and again today, we regarded this as an excellent solution to the problem because we had been prepared—and we were preparing—to wind up the company and write off the stock entirely. And as I have indicated the only cash investment which Eldorado had ever had in this company was \$15,000.

Q. But you do know that this is quoted at the present time as an unlisted stock?—A. I have been told that, since.

Q. That is quoted as an unlisted stock at 13 to 15 cents.

The VICE-CHAIRMAN: Let us not leave a wrong impression. I think it is only fair to say that that is a made market, on that unlisted stock.

Mr. DREW: You are speaking as an expert with respect to the operations of Mr. J. J. Gray?

The VICE-CHAIRMAN: You know very well.

Mr. DREW: That was a private deal with Mr. J. J. Gray who has had a great deal to do with mining stocks.

The VICE-CHAIRMAN: Is it not a made market with respect to this unlisted stock?

*By Mr. Drew:*

Q. It is assumed that the market is one which bears some relation to the possible speculative value of the property; and if this stock was only worth 1 cent last December, it would be interesting to know that it is regarded by some people as worth from 13 to 15 cents today.—A. It seems to me that we must keep in mind that this company is in the mining business and that we have to do things which a company does in the mining business. We acquire claims and we do work on them. We may let claims drop. We may let our title to a claim, such as it is, lapse. It is quite conceivable that in doing so we may not be exercising the best judgment. But that is the sort of thing which this company has to do.

In the case of the operations of this company, I am not suggesting for a moment that it should not be held accountable for its activities, but I do suggest that it cannot be judged entirely in the light of a normal government-agency which is operating in the administrative sphere rather than in the producing and selling sphere.

Q. You have 226 claims in northern Saskatchewan which are not part of the radium development?—A. That is correct.

Q. Is there any reason why you could not dispose of them in the same way as you disposed of this El Bonanza mining stock without any public notice?—A. What we would do with the claims, if we thought they did not warrant further development is drop them. We would not attempt to sell them. In other words, we are in the business of acquiring claims for the purpose of selling them to other people. In the case of the El Bonanza stock, I would like to remind the committee that the stock was something which we inherited. This company as an agency of the crown did not acquire this interest in El Bonanza. It was something which was in the portfolio of the company at the time of the acquisition of the capital shares of Eldorado. I felt that we took the best means possible of extricating ourselves from a difficult situation. First of all, I do not think that as a matter of policy we would have wanted to proceed with the development of the property as long as there was a million or so shares in the hands of the public apart altogether from the fact that in our opinion the property did not warrant further development.

Q. I am coming back to this rather simple question. I am concerned at this time with the pattern of procedure, having regard to the manner in which you disposed of the El Bonanza stock. Is there anything in your authorization or otherwise which would prevent you from dealing with the 226 claims in Saskatchewan in precisely the same way?—A. I would think that the company—and the Auditor General can possibly clarify this point if I am not stating the true position—subject to its relationship with the minister to whom it reports, has the power to divest itself of certain assets.

Q. And in the same way, would there be anything to prevent you from disposing of the property at Port Radium in the same way? I am not suggesting that you would?—A. I think in theory the answer is possibly "yes".

Mr. THATCHER: On this particular point, Mr. Chairman, I think there is a principle involved. I do not find myself in agreement with Mr. Drew. I think that if we set up a crown corporation, as we have done in this case, we should hire the best possible men to run it and leave them alone to run it. Mr. Drew suggested that every time they wanted to sell some property or shares, the officials of the company would have to come to parliament or to a parliamentary committee. I do not think so. From what I have heard in this case I think they acted in a proper manner and made a pretty good deal. I am opposed to a crown corporation having to come to parliament in order to sell any property or to sell any shares.

The VICE-CHAIRMAN: Item 139 and 140.

*By Mr. Fraser:*

Q. That property had radio activity ores on it, did it not?—A. Not so far as we know.

Q. Not so far as you know?

The VICE-CHAIRMAN: You are "busting" the market wide open in getting that answer. You can ask your question.

*By Mr. Fraser:*

Q. I am asking Mr. Bennett, and he says that as far as he knows there is not.—A. Let me answer in this manner. As I said on Tuesday, on the basis of the geological reports which we had, we did not think the property warranted further development.

Now, if you have anything to do with geologists you will know they very rarely agree completely, but in this case we had three of them who examined the property on three separate occasions and they were all in agreement. In the science of geology there is plenty of room for—

*By Mr. Fraser:*

Q. —disagreement. I have seen that. I have seen that in South America. I was with three geologists there. I just want to ask you a few more questions. Were the directors of El Bonanza asked if they wanted to buy stock? Were they approached?—A. The only director of El Bonanza we were able to get in touch with was Gilbert Labine who was, of course, a director of Eldorado at that time. Of the other directors, I understand two of them were dead and the third one could not be found. That is one of the things that has complicated the problem. The corporation had not ceased to exist as a corporation but it certainly had ceased to function. There had not been an annual meeting since 1935, nor as I recall it, a meeting of directors.

Q. In regard to the plant at Port Hope: the radium needles that were lost or stolen from the National Research Council, were they made there?—A. They were filled there, yes..

Q. They were filled there?—A. That is right.

Q. And what was the profit from the Port Hope plant, have you any idea?—A. We do not—

Q. Or is there a profit from that?—A. Our profits are calculated on our total sales.

Q. On your total sales?—A. Yes.

Q. Well, you sell there, of course, to different clinics and places?—A. The radium business is a commercial business and I may say highly competitive. We sell to hospitals, clinics, radiologists, and we also sell to industry and to certain research institutions.

Q. Why do you say competitive?—A. The Belgian company has a very active sales company in the United States called Radio-Chemical Corporation. The radium business has always been highly competitive.

Q. And there is no protection on that?—A. Not so far as I know.

*By Mr. Browne:*

Q. It has been competitive only since the entry of the Belgians.—A. The Belgians were in the market a number of years before Eldorado.

Q. And they controlled it?—A. Yes.

The VICE-CHAIRMAN: Are paragraphs 139, 140 and 147 disposed of? Any further questions on those paragraphs?

Mr. FRASER: I asked some questions on that the other day in connection with the Northern Development Company. That was Northern Transportation.

The VICE-CHAIRMAN: What was the question?



*By Mr. Fraser:*

Q. No, no, it was Northern Transportation I asked the question on. This is also the same, is it not?—A. Northern Transportation is a wholly owned subsidiary of Eldorado.

Q. And you gave some figures on that the other day, and I think I asked for some more, did I not?—A. I do not recall.

The VICE-CHAIRMAN: Not to our knowledge, Mr. Fraser.

*By Mr. Fraser:*

Q. You not only freight for your company, the Eldorado company, but you freight for other people?—A. That is correct. We are a licenced operator under the Board of Transport Commissioners.

Q. You have your own planes too, have you not?—A. They are not owned by the transportation company. They are owned and operated by Eldorado; they are not common carriers, they are company aircraft.

*By Mr. Prudham:*

Q. Mr. Chairman, I would like to ask Mr. Bennett if there has been a reduction in freight rates this year to the Yellowknife?—A. We have removed what are known as the classified rates from our tariffs on all freight moving north from Waterways, that would include freight moving to Yellowknife, and freight moving to other points. The classified rates were special rates established above the base rates for such articles as furniture, glassware and the sort of freight that is susceptible to breakage. These classified rates have been removed.

Q. Is that done to meet truck competition?—A. Not primarily, Mr. Prudham. The real reason that we removed the classified rates was because of an improvement in our handling methods on the Fitzgerald-Smith portage. We have in operation there this year what is known as the pallet board method of handling freight. Previously all our freight was unloaded at one end of the portage and loaded at the other by hand. As a result there was a rather high incidence of breakage with consequent claims. It was because of the high cost of handling certain freight across the portage that we established special or classified rates for certain commodities. With this pallet board operation—

The VICE-CHAIRMAN: Will you explain to the members what you mean by pallet board operations?—

The WITNESS: The pallet is a specially designed board, they can be of varying sizes, on which you load freight. The board is moved about by a fork lift truck. You have seen these trucks I am sure. They lift pallet and move it around freely. As the prongs on the truck can be raised to different elevations. This method is really the most modern and efficient way of handling freight. We have inaugurated the pallet system at both ends of the portage and at our base terminal at Waterways. As a result the reason for maintaining classified rates no longer existed; so we have eliminated them.

Mr. PRUDHAM: Do you think the new system will make it profitable to handle that type of freight at the new rates?

The WITNESS: It is difficult to talk about profits on tonnage in the north because there is such a very wide fluctuation in volume from year to year. The portage has always been extremely expensive to operate; it accounts for seventeen per cent of Northern's total operating costs. We hope to reduce the cost by at least half by eliminating most of the stevedoring. The difficulty about the stevedoring has been that we not only have to pay the men who work on the portage but we have to move them there by air, feed and house them while they are there, and then move them out again in the fall. It has been a very costly operation.

*By Mr. Fraser:*

Q. How about your insurance on the freight handled? Do you handle that yourself?—A. The shipper is responsible for insuring his freight. Which is in accordance with the standard practice of all shipping companies. However, we maintain facilities for arranging coverage for him. We notify all our customers that we will place insurance on the cargo if he wishes us to and we send him a list of the rates, but the actual policy he must take—

Q. And if it is not covered by insurance you are not responsible for breakage?—A. Unless it can be proved we have been negligent.

*By Mr. Johnston:*

Q. Are you subject to the increases in freight rates?—A. No.

Q. It would not affect you at all?—A. No, we are a water carrier, you see. We have not applied for any increase in rates.

The VICE-CHAIRMAN: Gentlemen, that completes Mr. Bennett. Thank you Mr. Bennett.

**Mr. Herbert Marshall, Dominion Statistician, called:**

The VICE-CHAIRMAN: Mr. Marshall says he can explain it in much less time than it will take to read the letter. Mr. Marshall, will you give the question that was asked?

The WITNESS: The question, as I understand it, was as to whether or not in my opinion the quinquennial census of the prairie provinces could be dispensed with? Those are not the exact words but I think that was the meaning of the question.

In the first place the answer to that is I think that the quinquennial census is a matter of constitutional right for the prairie provinces. For example, in the Act, which arranged for the creation of the province of Alberta, which Act was 4-5 EDWARD VII, Chapter 3—An Act to establish and provide for the government of the province of Alberta. It provides: in section 18, subsection (b) that:

A census of the said province shall be taken every fifth year, reckoning from the general census of one thousand nine hundred and one.

The same arrangement exists for each of the three prairie provinces, Manitoba, Saskatchewan and Alberta, so that in so far as the bureau is concerned we are compelled to take this census, and it is provided for in the Statistics Act.

*By Mr. Thatcher:*

Q. Well, Mr. Marshall, do you happen to know offhand what was the purpose of this census originally? Was it mainly to get statistics on population?—A. No, it had a much wider purpose than that.

Q. What was the main purpose?—A. The main purpose was to take a complete census of the prairie provinces. For example, these quinquennial censuses commenced in Manitoba in 1886 and in that year there was an Act providing for that census, assented to May 1, 1885. Now, the scope of the census was prescribed as follows:

The census shall be so taken as to ascertain, with the utmost possible accuracy, in regard to the various territorial divisions of the country,—their population and the classification thereof, as regards age, sex, social condition, religion, education, race, occupation and otherwise,—the houses and buildings therein, and their classification as dwelling, inhabited,

uninhabited, under construction and otherwise,—the occupied land therein, and the condition thereof, as town, village, country, cultivated, uncultivated and otherwise,—the produce, state and resources of the agricultural, fishing, lumbering, mining, mechanical, manufacturing, trading and other industries thereof,—the municipal, educational, charitable and other institutions thereof,—and whatsoever other matters are specified in the forms and instructions to be issued, as is hereinafter provided.

So that in some respects, in fact, in several respects, the scope of the census in 1886 was much wider even than it is today. As statistics became organized throughout the country particularly in the federal government some of these fields were taken over by annual and other investigations, and therefore, the census today does not need to be as comprehensive as that, but in all of these quinquennial censuses there has been a census of population and a census of agriculture and that is provided for in the constitutional arrangement between the dominion and the provinces.

Q. Mr. Marshall, you stated at the beginning of your letter that the basic reasons for this quinquennial census was the opening up of the west bringing about rapid population changes and certain things in agriculture. Now, as I recall it, was not this original Act enacted in order to let the west keep its parliamentary representation up in accordance with its growing population, was that the main reason for it?—A. Well, no, the representation in parliament is based on the decennial census, not on the quinquennial.

Q. Are you right there, Mr. Marshall? I believe they change their representation every five years.

Mr. CAUCHON: No, every ten years.

Mr. THATCHER: For all of the provinces?

Mr. CAUCHON: Yes, in all of the provinces.

*By Mr. Thatcher:*

Q. Well, now, in the west today, in the three prairie provinces, the population has pretty well stopped increasing?—A. Yes, but of course, there has been a lot of internal shifting. I am perfectly willing to give to this committee my own view if you wish it.

Q. I would just like to ask you a few questions and then I wish you would. I wonder if you could tell us how much the last census cost?—A. The last quinquennial census cost \$2,060,000 approximately \$2 million.

Q. On page 2 of your letter you state that this census provides very valuable information. I wonder if you would outline the nature of that information?—A. Well, it is very useful. For example, the Dominion Bureau of Statistics, as you know, makes estimates of the production of the various crops, animals, livestock, each year. We cannot take a complete enumeration of these crops, that is, on the same basis as you do in the decennial or the quinquennial census of agriculture, therefore, we must do it on a sampling basis and so we secure from various places in the west a sample of what is going on in agriculture periodically, and from that sample, of course, we could not tell you what is the total acreage planted, what is the total production of wheat, oats, barley. We must have something to tie the sample to, so we have to have the census data which is a complete enumeration for either 1941 or 1946. We can then make an estimate of the total crops for the current year or the other items in the agricultural field.

In the prairie provinces you do not have as stable a condition of agriculture as you have in the eastern provinces. There is more fluctuation. If we only had the decennial census figures to tie our estimates to they would be very apt to get far out of line, and so it is a great advantage to the bureau to have these



quinquennial censuses. I know that in the prairie provinces a great deal of use is made of this quinquennial census data. In the 1946 census we were being pressed continually to get the information out just as quickly as possible because they needed the information also as bench marks. The provinces are interested more in local conditions than is the dominion government. You certainly cannot in a sample get information about local areas so you have all of that basic data acquired in a census about local areas to which you can tie in a sample. I know that the people in the prairie provinces use the census a very great deal for just that very purpose. What I would be afraid of is this if the quinquennial census were done away with, instead of having the kind of sample we have now, which is the most economical kind of sample to get; we just send out a lot of questionnaires to the farmers and we get quite a large percentage of them back, and on the basis of those we are able to make an estimate. Now, if we did not have those bench marks to tie in with I think it would be necessary each year to have a much more complicated and expensive kind of a survey. We might have to start field visitation, and that would cost a great deal.

Q. Is that the way you do it in the other provinces today, field visitations?—

A. No, we do not but as I say the conditions there are more stable than they are in the prairie provinces.

Q. In the prairie provinces now that they are not opening up to the extent to which they did in former years, do you not think that you can get along with those things which you need in those three provinces on the same basis as you do with the other seven provinces?—A. I think we would get along better in the other seven provinces if we had a quinquennial census in agriculture as well, but we can manage in these provinces because of conditions do not change so rapidly and there is more diversification of farming.

Q. You said it was an advantage to the Bureau of Statistics to have this census. I can understand that. I am just wondering if it were not possible that this could be cut out, would it do the farmers of Saskatchewan any harm? Just what does this quinquennial census do for them, could you tell us that?—

A. Well, that involves the whole question of agricultural statistics. It seems to me there is not very much argument that the agricultural statistics put out by the Bureau are of very great importance not only to the farmers but to all sorts of people; you have for example the matter of the movement of the grain crop; on the basis of our estimates the railways make arrangements, they have to make arrangements a long while ahead, for the movement of the grain, and if we did not have these figures the proper arrangements could not be made by the railways; and the same applies to the bankers with respect to the financing of the farmers during the crop year—if they did not have that information it certainly would be harmful to the farmers.

Q. What is the value of this quinquennial census anyway, what about that one you took in 1946?—A. That is the bench mark, we could not get anywhere unless we had some sort of a bench mark to work from. It gives us the information on which to base our samples in the subsequent years.

Q. But I still feel that if there is the least possibility of our effecting a saving of \$2,100,000 to the people of Canada by the elimination of some of this work we ought seriously to consider making such a recommendation. What do you think of that?—A. I think it would be a retrograde step not to take the quinquennial census in the prairie provinces. May I say that that \$2 million spent in 1946 was a very high figure. We had great difficulty in that year because, well, it was a period of high employment and it was difficult to get people and we had to pay more for them and we didn't get quite as good a class of personnel as we had in the 1936 census with the result that we could not turn out our work as quickly; but since that operation there has been a great improvement in census procedure and as a result of that I think we are going to be able to eliminate certain processes, like hand punching of cards for example, to a large

extent and that will reduce the cost of doing the job. I know it seems a lot of money but on the other hand I know that these statistics are of great value.

Q. If these quinquennial censuses are useful I wouldn't say that we should discontinue them, but if they are not useful it seems to me that they ought to be eliminated, at least in so far as that may be possible. I believe, Mr. Chairman, that this committee should ask the three provincial governments, Alberta, Manitoba and Saskatchewan, what their opinion of it is. I do not think most of the prairie people would want a useless expenditure continued, if that is what it is. I would like to have the committee or someone contact the western provinces and get their reaction to my proposal that this might be a way of saving the people a considerable amount of money.

The VICE CHAIRMAN: That raises a new question; it has nothing to do with the question you put before the committee on May 2nd. Mr. Marshall says that he will contact the three prairie provinces and see what their views on this point are and he will convey the result to you.

Mr. THATCHER: I wonder if Mr. Marshall while he is here could tell us how long it would take to take the 1951 census.

The VICE CHAIRMAN: That again is a new item, but I don't see any harm in letting him answer.

The WITNESS: We have great ambitions for the 1951 census because with the introduction of new machines we hope to have a full count of the population by the end of March of 1952, which would be very much earlier than we ever did it before. We might not reach that objective, but that is our objective. I think undoubtedly it will be earlier than in previous decennial censuses.

The VICE CHAIRMAN: Now, gentlemen, let us get on with this meeting and have Mr. Gibson complete his evidence.

*By Mr. Johnston:*

Q. Just one moment, Mr. Chairman. You said, Mr. Marshall, that you thought the expense of the last census was high and that you were quite sure that it could be reduced next time; by how much do you think it could be reduced?—A. Oh, you just can't be certain of a thing of that kind, how much it is going to cost you to take a census. A lot depends on the price level at the time. We should think of this in terms of relative costs and constant dollars, not in terms of absolute figures.

Q. Then you could hardly say that you anticipated a lower cost for the next census because that would depend entirely on the price structure?—A. That is right, not perhaps in absolute figures.

Q. So it would not be quite fair then to give us the hope, shall I say, that there is going to be a reduction.—A. It all depends on the dollar value which prevails at the time, but there is the possibility of a saving.

Q. But it is nothing more than a possibility.—A. I would not like to go into that question. We are introducing new methods in connection with the 1951 census and there undoubtedly is going to be a reduction in our costs, and I would think also in connection with the next quinquennial census that we might also look forward to a reduction in costs.

Mr. BROWNE: How did this discussion arise?

The VICE-CHAIRMAN: Out of the question asked by Mr. Thatcher on May 2.

Mr. BROWNE: In the House?

The VICE-CHAIRMAN: No, here.

Mr. BROWNE: I wonder if I might ask Mr. Marshall a question here; it has no bearing on the question now before the committee but I think it is important.

Mr. THATCHER: Just one other thing, if I may. I wonder if the chairman—I do not know what the procedure is—would give some sort of assurance that he will follow up by asking the prairie governments for their opinion on this matter, as I requested?

The VICE-CHAIRMAN: Mr. Thatcher, I said this: I asked Mr. Marshall to write to the three prairie provinces and ask their views on this matter and by the time he gets the answer you will probably not be here, nor will any of the rest of us, but the information will be there and available for the record—and he said he would send the information on to you.

*By Mr. Fraser:*

Q. Right along these lines, I would like to ask about the questionnaires you send out to farmers; you send out quite a few of them, do you not?—A. Yes, we have a good many at different times.

Q. And do not some of the farmers object to them?—A. Some of the farmers do object; we do get a few objections, but we have a very great measure of co-operation.

The VICE-CHAIRMAN: You don't have to answer that.

Mr. FRASER: But there are a good many of these questionnaires sent out, and I believe some of them are compulsory.

The VICE-CHAIRMAN: No, no.

The WITNESS: Yes, some are compulsory. Compulsion can be exercised to collect information prescribed in the Statistics Act.

*By Mr. Fraser:*

Q. You can make it compulsory?—A. We use the big stick very very little. As a matter of fact, quite a number of our inquiries are made on a purely voluntary basis.

Q. And a lot of these questionnaires to farmers are compulsory?—A. I would not say as to that without consulting with my Director of Agricultural Statistics. If you wish me to I will make inquiries and let you know. I can say, however, that we have the co-operation of the farmers to a very great extent, although there is the odd one who does object.

The VICE-CHAIRMAN: All right, gentlemen; that concludes our examination of Mr. Marshall.

Mr. STEWART: Mr. Chairman, before Mr. Marshall leaves, I would like to have the opportunity of saying to his face what I have often said behind his back, that he is doing a very good job of supplying us with most dependable statistics, and I hope he will carry on the good work.

Mr. THATCHER: One more question if I may, Mr. Chairman. I wonder if Mr. Marshall could say about this 1951 census—

The VICE-CHAIRMAN: We will just hear the question first and see if it comes within the scope of our reference.

*By Mr. Thatcher:*

Q. I was just going to ask him how long the census taking lasts?—A. It starts on June 1.

Q. And you finish in March of the next year?—A. No, I said that we hoped to have a tabulation of the population by March of 1952.

Q. And what about the cost of the last one?—A. It was about \$5 million, a little under.

Mr. FRASER: There are one or two questions I would like to ask now that Mr. Marshall is before us.



The VICE-CHAIRMAN: He is not before us in a general sense, he is before us on the specific question asked by Mr. Thatcher on May 2 last; he is not here to discuss the 1951 census.

Mr. FRASER: I have a question I would like to ask him.

The VICE-CHAIRMAN: Well, he came here for the specific purpose of answering the question asked by Mr. Thatcher on May 2nd.

Mr. FRASER: Well, I will ask the question and then you can tell me whether it can be put or not: What items are included in the cost of living?

The VICE-CHAIRMAN: Gentlemen, we are not going into that field now.

The WITNESS: I could send you a memorandum on that.

The VICE-CHAIRMAN: Yes, a long tedious one, please.

Now, we will ask Mr. Gibson to resume the stand, and he will finish dealing with items 71 and 72.

**Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development, called:**

Mr. FRASER: This is in regard to the national parks?

The VICE-CHAIRMAN: Yes, the Department of Mines and Resources. There was some question raised on paragraph 157 and that will cover the report from there to the end and should not take very long. Are there any questions about item 71?

Mr. THATCHER: Would Mr. Gibson explain that for us?

The WITNESS: May I read from the statement I have here?

The VICE-CHAIRMAN: Yes.

The WITNESS: In the spring of 1948 a number of Alberta contractors known to be qualified to carry out the reconstruction of the Jasper-Edmonton Highway in Jasper National Park, were invited to submit tenders on a cost plus fixed fee basis. The Western Construction and Lumber Company submitted the lowest tender and a contract was entered into with this firm on the 7th of April, 1948. The equipment rental rates attached to the contract contained as one item a price of \$3 per operating hour for five cubic yard dump trucks, this price to include the cost of fuel, lubricants, repairs, and wages of operator. Subsequently, complaints were received from the Alberta Motor Transport Association that the contracting firm were hiring trucks at the rate of \$2.75 per hour whereas the prevailing rate in the province that year was \$3 per hour. The contractor was apprised of this complaint and he claimed that he was supplying certain services to the truckers and that he would lose money if he paid them \$3 an hour when he was only getting that amount from the department. Moreover, he said that if he had to pay \$3 to individual truckers he would use his own trucks for he had only taken on the individual truckers to give them work. As the department was actually paying a higher rate for dump trucks of this kind under other contracts let after competition, it was decided that the arrangements made by the Western Construction and Lumber Company would not be questioned so long as satisfactory service was being furnished for the rate fixed in the schedule. In making this decision the department had in mind the following facts:

There is no clause in the contract which stipulates that the equipment provided for the work by the contractor shall be owned by the contractor, nor is it stipulated that the contractor shall pay rental at the same rate as paid by the department for any additional equipment he requires to carry out the work.

While it is true that a section of the contract states that the fixed fee shall be deemed to cover the entire profit of the contractor and the necessary services of all executive officers of the contractor, there is a heavy expense involved in the operation of a large fleet of equipment which is not recoverable under the terms of the contract. Some of this additional expense is caused by the need for the contractor to maintain repair shops and a force of mechanics for which he is not paid under the terms of the contract. The supplier of individual units of equipment is not subject to this expense and, therefore, should be prepared to accept lower rental rates.

The rental rates as set forth in the contract were established by competition. The contractor is obligated to keep a specified amount of equipment in operation on the job and is only paid rental when it is working. If the equipment breaks down the contractor must replace it with other equipment of comparable size and efficiency. In some instances the contractor is able to transfer the needed equipment from another job which he has under way. In other cases he must obtain the needed equipment by agreement with another owner. Sometimes he can negotiate rental rates with the other owner on favourable terms. At other times he has to pay higher rentals than he is receiving from the department and thereby loses money. At all times the department pays him the rental which has been established by competition.

*By Mr. Thatcher:*

Q. I would like to read from Mr. Sellar's statement in regard to this and I would like Mr. Gibson to correct me if I am wrong. This is the contract with Western Construction and Lumber Company and it says, "the contract provided for payment of cost plus a fee of \$33,760"?—A. Yes.

Q. What he actually got paid for? Am I correct in saying that he got cost plus \$33,760, plus \$14,470.50?—A. He gets paid a fixed fee for doing the work.

Q. And anything else?—A. In addition he gets the rental for use of equipment, as shown in a schedule to the agreement.

Q. But didn't he sign a contract to do this job at cost plus a fee of \$33,000 odd?—A. No.

Q. Then what does that mean; the contract was let for cost plus a fee of \$33,760?—A. You understand in any of these contracts...

The VICE-CHAIRMAN: Do you see what he is reading there?

The WITNESS: In this case the amount of money that was voted for this particular project was \$752,000. The undertaking of the management of Western Construction and Lumber Company was that they would do this work for a fixed fee of \$33,760, which was approximately 4 per cent of the appropriation for the work. In addition...

Mr. JOHNSTON: Yes, but note there that it was a fixed fee of \$33,000 odd cost plus.

The WITNESS: That is the fee that he gets for doing the work.

Mr. THATCHER: Was it cost plus that?

Mr. CAUCHON: Let the witness finish his answer.

The WITNESS: It is a little difficult to understand, but the fee is fixed on the amount of the vote, the amount of the appropriation. The contractor collects that fee for his management services. Then we pay him a rental for his equipment which in the case of this particular job was approximately five per cent of the replacement value of the equipment per month of two hundred operating hours, plus operating costs.

Mr. JOHNSTON: What was that per hour?

The VICE-CHAIRMAN: Amounting, about, to how much?

*By Mr. Johnston:*

Q. You were to pay him a fixed fee?—A. That is right.

Q. What was the fixed fee? I do not mean the fixed fee, but the rental per hour?—A. You see, attached to this contract is a list of equipment, such as a one and one-half yard shovel, a three-quarter yard shovel, drag lines. In each one of these there is a definite rental rate for that.

Q. A fixed rate, not a fixed fee, a rental?

Mr. FRASER: A monthly rental rate?

The WITNESS: That is right.

*By Mr. Johnston:*

Q. What is that? May we confine it to one machine? For instance, there is a certain sized shovel to be used. Was there subletting of any of that work for that particular sized shovel?—A. In most cases this man had his own equipment.

Q. But there were cases in which he hired or sublet a portion of that contract for that particular type of work?—A. So far as I know the only equipment he hired were some trucks.

Q. But he used all his own equipment? Therefore, there was no fluctuation in the fixed charge?

*By Mr. Thatcher:*

Q. You think there is nothing irregular in this?—A. Nothing at all, and we got very good results.

Q. Were any contracts suspended for the time with Western Construction?—A. No.

Q. What did Mr. Sellar draw this to the attention of the committee for?

The VICE-CHAIRMAN: Mr. Sellar, will you answer that please? Why did you bring it to our attention in that way?

Mr. SELLAR: My reasons are set out in the paragraph. I refer to the treasury cost report in these words:

The Treasury Cost Audit Report on the project discloses that the contractor rented from others a number of trucks on the basis of \$2.75 per operating hour which included fuel, repairs, services of operator, etc.

Now I will quote from the Treasury Audit Report.

The trucks numbered 111 to 171, inclusive, were hired from outside parties on the basis of \$2.75 per operating hour and included fuel, repairs, operator, etc.

It may be noted that these trucks have been claimed at the rate of \$3.00 per hour, which is a difference of 25 cents per hour on a total of 57,882 hours, or \$14,470.50.

It is also understood that other machines have been hired from outside parties at lesser rates than as claimed under the contract, but on a different basis, as they were rented on a flat rate but the company paid for the the fuel, repairs, operator, etc.

That is a quotation from the treasury report.

Now, then the contract itself—

Mr. THATCHER: Just before you go on with that, if I might interrupt you for a moment, from what you have said are you suggesting that the \$14,470 overpayment is a direct cost plus fee, part of the contract?

Mr. CAUCHON: Let him finish that.



Mr. SELLAR: Now then, so far as the cost audit is concerned, the department has the right to dispute the cost audit. Then comes section 4 of the contract, which is a long section and deals essentially with the taking of trade discounts and a whole lot of other related matters, but it includes a sentence that was the reason for this item. I will read the sentence:

Refunds and Trade Discounts—

4. The Contractor covenants and agrees to take advantage of any and all refunds and trade discounts and such refunds and trade discounts and any profits (save and except the fee payable to the Contractor as provided in Section 3 hereof) which may be received by the Contractor in any way in connection with the work shall be credited by the Contractor to the Minister.

Mr. JOHNSTON: That item of \$14,470.50 was not credited to the department?

The WITNESS: That is right.

Mr. JOHNSTON: Which was a violation of the contract?

The VICE-CHAIRMAN: No no no, just a minute now.

Mr. JOHNSTON: I am talking to Mr. Sellar.

The VICE-CHAIRMAN: I do not care who you are talking to.

Mr. JOHNSTON: He is the witness.

The VICE-CHAIRMAN: But you are giving evidence.

Mr. JOHNSTON: Where did that \$14,470.70 go to—to the contractor?

The CHAIRMAN: Yes.

Mr. JOHNSTON: Which is in violation of his contract?

The CHAIRMAN: No, no.

Mr. JOHNSTON: Well, I am talking now.

The CHAIRMAN: I do not care who you are talking to. You are giving all the evidence. You are saying, "which is in violation of his contract." You are making an assertion. Ask him if it was in violation of his contract. It is a question of interpretation. You should ask him if it was in violation.

Mr. JOHNSTON: Well, I am asking if that was in violation of his contract.

The CHAIRMAN: All right, ask him the question.

Mr. SELLAR: In my opinion, sir, it is not a violation of the contract; it is whether the department has exercised its responsibility in establishing whether he was entitled or not.

Mr. JOHNSTON: Now, Mr. Sellar,—

Mr. SELLAR: One second more to refresh your memory. When I was here before I said that my understanding was that the contractor had been faced with some unexpected demands for gasoline taxes from the province of Alberta and that the department had been influenced by that in coming to these arrangements and I then suggested to the chairman that the department be allowed to appear as they had asked me to do so.

Mr. JOHNSTON: Maybe I can make myself a little clearer if I read a section on page 20 of the Auditor General's Report under the section Department of Mines and Resources:

The contract provided for payment of costs plus a fee of \$33,760. It—

That is the contract.

—also stipulated that any incidental profit accruing to the contractor in connection with the work was to be credited to the government.

Well now, is not there an incidental profit there of \$14,470.70? I am asking Mr. Sellar. There are too many people answering questions here.

The CHAIRMAN: Just a minute. Mr. Gibson will answer that.

Mr. JOHNSTON: I asked Mr. Sellar.

The CHAIRMAN: Mr. Gibson is prepared to answer that.

Mr. JOHNSTON: I want Mr. Sellar's answer first and then I will ask Mr. Gibson.

The CHAIRMAN: All right, Mr. Sellar.

Mr. SELLAR: My problem, sir—as you will remember, I quoted a section from the agreement which I used in my report, and I used it very carefully “any incidental profit.” I am not prepared to say what the amount of that profit was.

Mr. JOHNSTON: Would you agree, Mr. Sellar, that this item of \$14,470.70 may be one of those incidental profits to which you refer?

Mr. SELLAR: It is the incidental profit in that \$14,470.70. It may not be all of the \$14,000; it might be only a small fraction of it. It is a \$14,000 transaction that is involved.

Mr. JOHNSTON: In any event, whatever the profit was it was not credited to the government?

Mr. SELLAR: That is right.

Mr. JOHNSTON: Now, that is quite clear. Now the witness Mr. Gibson can give his answer.

The WITNESS: Well, Mr. Chairman, the point is this. The contractor has undertaken to supply five cubic yard dump trucks with drivers and operating costs for \$3 an hour. If they cost him \$3.50 an hour or \$3.25 an hour, he has got to supply them to us for \$3 an hour. If he can get them for \$2.75 an hour, then we have got to figure out whether the incidental service that he supplies to that individual trucker is worth the difference. Now, probably I could not do better than to read a short memorandum showing what services the contractor supplies to the individual trucker that justifies him in saying that there is no profit in the transaction.

OTTAWA, 8 June, 1950.

## NOTES RE TRUCK RENTAL RATES

### WESTERN CONSTRUCTION & LUMBER COMPANY LIMITED

(1) On all our cost-plus-fixed-fee contracts every effort is made to try to secure the services of a contractor of recognized standing, who has an experienced organization, and who also has a sufficient number of units of equipment to carry out the work.

(2) In accordance with the terms of the contract, the contractor has the right to use his own equipment exclusively; this applies to trucks, as well as other types of equipment. If, however, he does not own sufficient units of the type of equipment required, he must make arrangements to get these wherever he can and payment for these is made at the same rate as specified in the contract. If he is able to secure this equipment at a lower rate than specified it is to his advantage, and if he must pay a higher rate, then he must absorb the loss. This Department has consistently taken the attitude that it is not their concern where the equipment comes from as long as it operates satisfactorily.

(3) The owner of a fleet of equipment, as in this case the prime contractor, is faced with expenses which the individual owner is not. Some of these are listed as follows:

- (i) He must employ a master mechanic and assistants all year round to overhaul his equipment and keep same in good repair.
- (ii) He must construct and maintain a properly equipped workshop or garage.
- (iii) He must maintain a storehouse with a complete stock of spare parts.

Now, that is where the individual truckers get their service from the contractor.

Mr. JOHNSTON: Would not he charge them the regular price for these parts?

The WITNESS: He charges them, as I understand it, just exactly what they cost him.

Mr. JOHNSTON: Then he has not any loss.

The CHAIRMAN: He has not any profit, either.

The WITNESS: He has got to employ a man to handle these parts, hand them out and so on.

The CHAIRMAN: Let him finish the memorandum.

The WITNESS:

This involves a very high expenditure.

- (iv) On the job he has to erect temporary repair shops and maintain same.
- (v) On the job he has to install fuel pumps and handle fuel and all loss through shortages must be absorbed by him.
- (vi) The Department pays only actual operating hours but in many cases to hold trucks the contractor must pay additional hours and this is not recoverable.
- (vii) In many cases in working extra hours the contractor must pay over-time and this is not recoverable.

That is, we only pay for the number of hours those truckers are on the job.

Mr. JOHNSTON: May I say now that those remarks that you have given on behalf of the contractor may justify the contractor's conscience that there is no profit, but how do you account for this "It also stipulated that any incidental profit accruing to the contractor in connection with the work was to be credited to the government"? How do you conform that section from the contract with the fact that there was a profit which was not credited back to the government?

The WITNESS: I do not admit that there was a profit on the account.

Mr. BROWNE: Have you got an account to show that he was not making any profit on it?

The WITNESS: I can get one. I am prepared to say that the accounts relating to this contract have all been checked.

*By Mr. Johnston:*

Q. It seems to me this account has been paid.—A. Yes.

Q. And yet you made no check of it to see if that was in conformity with the terms of the contract?—A. That account was checked carefully.

Q. But you just now said you had not got the details of the account.—A. From our accountants—not from the contractor.

Q. So you do not know whether there was a profit made or not?

The CHAIRMAN: He gave his opinion.



Mr. JOHNSTON: I have not asked for an opinion; I want an answer.

The CHAIRMAN: He is going to get you the information.

Mr. JOHNSTON: Well, I think, then, Mr. Chairman, we are not in a position where we can discuss this vote 206 until we get the information.

The CHAIRMAN: We cannot conclude the discussion anyway.

Mr. PRUDHAM: I would like to ask Mr. Gibson if this certain flexibility in the truck rates does not give the local man in the towns adjacent to the work, say, in Jasper, an opportunity of participating whereas, if the contractor was forced to use his own trucks only, they would be excluded?

The WITNESS: In this case the contractor told us quite definitely that if there was any continuation of the discussion with the Alberta Truckers Association about the rates, that he would put his own trucks on the job and release the individual truckers, and he said he had given them the work because he thought they needed it, because he had his own trucks that he thought he could use on the job.

The CHAIRMAN: Gentlemen, let us save our questions. There has been a motion to adjourn. We stand adjourned until Monday at 4 o'clock.

The committee adjourned.

## APPENDIX A

## Para. 64, Audit Report 1948-49

The request is for details of:

## Receipts—

Rental of accommodation, board, and lodging of employees, hospital and coffee shop receipts, sales of coal, ice, wood and electricity, operation of buses, etc. .... \$639,655.41

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|  |              |                     |
|--|--------------|---------------------|
| Rentals—tenant houses .....                                  | \$128,774.05 |                     |
| “ tenant garages .....                                       | 3,567.39     |                     |
| “ staff hotel .....  | 27,671.55    |                     |
| “ dormitories .....  | 9,649.12     |                     |
| “ shopping centre .....                                      | 13,765.86    |                     |
| “ house furnishings .....                                    | 961.01       |                     |
| Meals, staff hotel dining room .....                         | 75,468.35    |                     |
| Meals, cafeteria .....                                       | 89,675.90    |                     |
| Hospital revenues .....                                      | 58,277.28    |                     |
| Community centre revenues .....                              | 71,265.22    |                     |
| Public school revenues .....                                 | 8,245.73     |                     |
| Post office revenue .....                                    | 505.46       |                     |
| Coal sales .....   | 28,199.56    |                     |
| Wood fuel sales .....  | 1,293.00     |                     |
| Ice sales .....  | 2,955.10     |                     |
| Electricity sales .....                                      | 20,595.60    |                     |
| Bus transport revenue .....                                  | 47,448.05    |                     |
| Sundry revenues .....  | 9,892.57     |                     |
|  |              | \$598,210.80        |
| Refunds of expenditures—sales of stores to contractors, etc. | 21,786.86    |                     |
| Refunds of salaries by Post Office.....                      | 1,401.00     |                     |
| Miscellaneous refunds, etc. ....                             | 18,256.75    |                     |
|  |              | 41,444.61           |
|  |              | <u>\$639,655.41</u> |

## APPENDIX B

## LIST OF PROPERTIES OF PRODUCTIVE, OPERATING OR COMMERCIAL NATURE, OWNED BY THE CROWN OR AGENCIES OF THE CROWN, MARCH 31, 1948, TO MAY 31, 1950 (INCOMPLETE).

OTTAWA, June 5th, 1950.

## MEMORANDUM TO PUBLIC ACCOUNTS COMMITTEE

During the discussions which took place on May 11, 1950, the Committee requested me to prepare for the Committee a list of all properties of an industrial, mining or other productive, operating or commercial nature, owned by the Crown or agencies of the Crown at any time since March 31, 1948. In order to obtain the required information, a letter dated May 15, 1950, copy of which appears as Appendix "A" of this memorandum, was forwarded to the Deputy Ministers of all departments considered likely to have such properties. While it seemed likely that some of these departments would have no such properties, it was considered desirable to send a copy of this letter to these as well for their information.

The following replies to this letter have been received to date:

## 1. DEPARTMENT OF AGRICULTURE—

This department advised that no properties of the kind referred to are owned or operated by it. In the case of community pastures and irrigation projects under P.F.R.A. the department own the works and charge a fee for services rendered, but these establishments are set up as a part of the general rehabilitation programme rather than as commercial enterprises.

## 2. AUDITOR GENERAL'S OFFICE—

No reply received as letter was only forwarded for information purposes.

## 3. CITIZENSHIP AND IMMIGRATION—

The department advised that no properties of this kind are operated or owned by it. As a matter of interest, however, they advised that the Indian Affairs Branch have a number of small enterprises conducted mainly to meet the needs of individual Indian Bands. Some of the equipment used is purchased from funds appropriated by Parliament.

Sawmills are operated on various reserves to provide materials for houses built for and by Indians and occasionally for buildings being constructed by the Indian Affairs Branch or the Department of National Health and Welfare on Indian reserves. In addition, the Blackfoot Indians operate a coal mine on their reserve financed by Band funds. The output is used to provide fuel for individual members of the Band and community activities. This mine, in addition to giving employment to a number of Indians, furnishes fuel to members of the Band at a low cost.

## 4. EXTERNAL AFFAIRS—

The department reports that no such properties are under its custody.



## 5. FINANCE—

The department itself has no such properties under its custody and have submitted the information, as follows, with respect to its agencies:

- (a) Foreign Exchange Control Board... Nil.
- (b) Wartime Prices and Trade Board... Nil.
- (c) Industrial Development Bank..... Nil.
- (d) Canadian Farm Loan Board..... Nil, except for a few farm properties acquired by the Board through quit-claim or foreclosure and which are in the process of sale by lease-sale options.
- (e) Bank of Canada..... Head Office Building, Wellington St., Ottawa.  
Public Debt Division—King Edward Ave., Ottawa.  
Agencies at Toronto, Montreal, Regina, Calgary, and Vancouver.  
In addition the following properties have been purchased to provide for expansion of existing premises—  
Ottawa—Canadian Bank Note Company Bldg., 224 Wellington St., leased to the Company. When the Company vacates in the near future, this property will be leased to the Government.  
British American Bank Note Company Bldg., 262 Wellington St., leased to the Government.  
225 Sparks St., leased to the Government.  
223 Sparks St., leased to the Plaza Hotel Company Ltd.  
Toronto—19-31 Victoria St., leased as gas station to Douglas Newton.
- (f) Comptroller of the Treasury..... Nil, letter sent for information only.
- (g) Royal Canadian Mint..... Nil, letter sent for information only.
- (h) Tariff Board..... Nil, letter sent for information only.

## 6. FISHERIES—

The department advised that the only property which might come within the category in question is that in connection with the Bait Service in Newfoundland where depots are maintained, bait fishes are purchased, frozen and later sold to the fishermen as required. There are twenty such depots located at strategic points, from a fishing standpoint, around the Island. Seventeen have freezing and storage facilities and three have storage facilities only. They range in capacity for freezing, from 2,500 to 30,000 pounds daily and for storage, from 40,000 to 850,000 pounds. All these depots were taken over at the time of Union.

## 7. JUSTICE—

According to reply from the department no such properties are owned by it. This report included the Penitentiaries Branch and the Royal Canadian Mounted Police.

## 8. LABOUR—

The department advised that the only properties which might come into this category are as follows:

- (a) The Hostel at St. Paul l'Ermite, Quebec, which consists of two storeys and basement, wood frame construction, and which was transferred to the department through the War Assets Corporation from Defence Industries Limited. This building is used as a distribution centre for displaced persons.
- (b) Buildings at New Denver, British Columbia, consisting of the main Sanatorium building and sixteen maintenance buildings, as well as a number of huts, formerly used to take care of Japanese. These buildings were turned over to the Province on loan until they were no longer required for Japanese maintenance.

- (c) Ten buildings at Ajax, Ontario, used for the housing of displaced persons and a distribution centre, which the department has rented from Central Mortgage and Housing Corporation.

9. MINES AND TECHNICAL SURVEYS—

The department advised that they have no such properties to report on.

10. NATIONAL HEALTH AND WELFARE—

The department advised they have no such properties coming under its jurisdiction.

11. NATIONAL REVENUE—

Both the Customs and Excise Division and the Taxation Division report that they have no such properties.

12. POST OFFICE—

The Post Office department report that they have no such properties.

13. PRIVY COUNCIL OFFICE—

The Privy Council Office itself have no such properties. A report, however, copy of which appears as Schedule 1 of this memorandum, has been submitted with respect to the Federal District Commission. This report consists of a letter dated May 26, 1950, from the Secretary of the Commission to Mr. Mackenzie of the Cabinet Secretariat.

14. RESOURCES AND DEVELOPMENT—

The department have submitted a long list of such properties, which list appears as Schedule 2 of this memorandum. The department advised that the list does not include Crown Lands in the Northwest Territories or the Yukon. It was felt that information in regard to these would not be required since only an infinitesimal part of the 1½ million square miles has been surveyed. Most of the parcels in use are leased although in a few cases title has been granted under the provisions of the Dominion Lands Act.

It is to be noted that the list is made up of two parts. The first deals with lands for which Letters Patent have been issued, and the second in regard to properties which are vacant or under lease. All parcels of land listed were appraised in or since 1948 by experienced officers of the Veterans Land Act Administration having a knowledge of the property values in the various localities. Where streets and roadways were granted to municipalities, a nil value is shown inasmuch as these are considered vested in the municipality and the grant is in the form of Quit Claim Letters Patent.

15. TRADE AND COMMERCE—

While the department itself own no such properties they have reported on the holdings of the various agencies reporting to the Minister of Trade and Commerce:

Canadian Arsenals Limited  
Canadian Wheat Board  
Board of Grain Commissioners  
Eldorado Mining and Refining (1944) Limited  
Northern Transportation Company (1947) Limited  
Polymer Corporation Limited  
A. V. Roe Canada Limited  
Crown Assets Disposal Corporation

The list of properties held by the above appear in Schedule 3 of this memorandum.

## 16. TRANSPORT—

The list of properties reported by this department appears as Schedule 4. It is to be noted that the list does not include any of the properties owned and operated by the National Harbours Board. In this connection the department advised that a letter was written to the Chairman under date of May 28, and advice was received from the Secretary that it would take months for them to compile the required information. As soon as the report is received, however, it will be forwarded to me for submission to the Public Accounts Committee.

The following brief description of the Schedule is submitted for the information of the Committee:

*Air Services:*

A-1—Is a list of all Airports and associated radio aids. Property sales made since March 31, 1948, are indicated in the remarks column as well as those airfields which are under lease to municipalities, etc.

A-2—Is a list of commercial and industrial leases associated with the various Airports throughout Canada.

*Canal Services:*

B-1—*Welland Ship Canal*—Is a list of property leases as well as sales since March 31, 1948.

B-2—*Lachine Canal*—Consists of a list of property leases. There have been no property sales since March 31, 1948.

B-3—Is a tabulation of property sales made since March 31, 1948, with respect to various canals throughout Canada other than the Welland Ship Canal.

(Note: The list with respect to leases of Canal properties is not complete. The department advised that information regarding the remainder of Canals is being compiled.)

*Marine Services:*

C-1—Is a list taken from available information in the Lands Branch of Marine Services properties throughout Canada. As this list does not include public harbours, it cannot be considered complete.

C-2—Is a list of Marine leases which is being compiled and the department anticipates that much research and time will be required before it is completed. A partial list, however, of leases has been compiled from information available.

C-3—Is a list of property sales made since March 31, 1948.

## 17. VETERANS AFFAIRS—

The department advised that they have no properties coming within the scope of the Committee's enquiry, with the possible exception of the vetercraft shops and the prosthetic centres. The vetercraft shops are used as a means of sheltered employment for the manufacture of poppies and are located in leased premises at Montreal and the Sunnybrook Hospital premises in Toronto. The prosthetic centres deal mainly with the manufacture, adjustment, etc., of prosthetic appliances for the department's patients but a small percentage of the products is sold at cost to other government agencies. Most of the centres are located in the department's hospital properties and the remainder in premises provided by the Department of Public Works.



## 18. CROWN AGENCIES NOT COVERED IN OTHER DEPARTMENTAL REPORTS—

## (a) Canadian Broadcasting Corporation—

The Corporation advised that they have no properties coming within the category referred to.

## (b) Central Mortgage and Housing Corporation—

This Corporation's report appears as Schedule 5 of this memorandum. It is to be noted that this list does not include small parcels of unused land adjacent to housing projects, or land held for residential development where there is not possibility of it being used for commercial or industrial development, nor does it include Laurentian Terrace, Ottawa, Staff Hotels at Deep River and other places, all of which are or were used exclusively for residential purposes.

## (c) National Research Council—Nil.

No report has been received from the following departments. These departments, however, advised their reports are in the course of preparation.

National Defence

Public Works

Secretary of State, including Custodian of enemy property

It is pointed out, for the information of the Committee, that it was not considered necessary to circularize the following Departments or Agencies of the Crown:

Office of the Chief Electoral Officer

Civil Service Commission

Office of the Secretary to the Governor General

House of Commons

Department of Insurance

Public Archives

Public Printing and Stationery

Senate

Air Transport Board.

R. B. BRYCE.

## APPENDIX "A"

OTTAWA, May 15, 1950.

The Public Accounts Committee of the House of Commons, at the suggestion of the Leader of the Opposition, has requested a list to be furnished it of all properties of an industrial, mining, or other productive, operating or commercial nature, owned by the Crown or agencies of the Crown, including, of course, Crown companies, at any time since March 31, 1948. This list should include all properties of this nature that are actually in use, or were previously used or are intended to be used for these purposes. Mr. Drew has subsequently stated that this request is not intended to cover properties primarily used or useful for residential or farming purposes, nor those properties used in the ordinary carrying on of usual Government services (such as repair shops, storage depots, etc.).

The list should be supplemented by notes indicating which of the properties have since been disposed of, by what means and under what authority in each case, and to whom.

The Minister of Finance has directed me to request all Departments and agencies of the Crown to have lists of such properties prepared as quickly as possible. Would you please, therefore, have a list prepared of such properties under the control of your Department, and of agencies reporting to your Minister.

The discussion on this matter in the Public Accounts Committee took place mainly on May 11th, and will be found in the Minutes of Proceedings and Evidence of the Committee for that day, when it is printed.

If you have questions to ask about this matter, I should be glad if you would telephone me at Local 2058.

Yours truly

R. B. BRYCE.

## SCHEDULE 1

## FEDERAL DISTRICT COMMISSION

File No. 185

OTTAWA ONT. May 26 1950.

Mr. M. R. MACKENZIE,  
Cabinet Secretariat,  
Privy Council Office,  
Ottawa, Canada.

Dear Mr. Mackenzie:

Further to our letter of the 19th instant respecting answers for return to Parliament of questions concerning properties owned or controlled by the Crown of industrial, mining or other productive nature the following data is submitted:

1. CAFE CHAMPLAIN—BATE ISLAND

The Commission owns the land on which this building was erected by Mr. Jack Sim at a cost to him of \$72,000.00. Mr. Sim pays the Commission an annual rental of \$50.00 and under the terms of the agreement a 5% interest in the building transfers from Mr. Sim to the Commission each year. Therefore at the end of twenty years the Commission will own the building. As of this date the Commission possesses a 15% interest in the ownership of the building.

2. RESTAURANT—ROCKCLIFFE PARK

This building is owned by the Commission and is situated in Rockcliffe Park which the Commission holds under lease from the City of Ottawa. The concessionaire pays the Commission \$500.00 per year for the privilege of operating the restaurant.

3. OTTAWA-NEW EDINBURGH CANOE CLUB—ROCKCLIFFE PARK

The Commission owns the water lot upon which this Clubhouse was erected by, and at the cost of, the Club. The Club pays the Commission \$1.00 per year rental. The building, of course, is the property of the Canoe Club.

4. RESTAURANT AT LAC PHILIPPE—GATINEAU PARK

A small restaurant is operated in an old settler's house which the Commission acquired with land which was purchased for the development of Gatineau Park. A nominal rental of \$6.00 per year is charged the operator of the restaurant who is required to act as a watchman and caretaker of the Lac Philippe picnic area as well as to look after the renting of tents and boats for the Commission.

5. FARM PROPERTIES ACQUIRED BY THE COMMISSION

The farms listed hereunder were expropriated for the construction of the railway cut-off line and freight yards two and one-half miles south of Billings Bridge. Arrangements are being made that these lands, apart from the areas required for the immediate railway construction purposes, shall be continued in farm use. Leases are being entered into with the former owners or with other persons to carry on the farming work.



| <i>Lot No.</i>             | <i>Concession</i>     | <i>Acreage</i> |
|----------------------------|-----------------------|----------------|
| Pt. of 2.....              | II Rideau Front.....  | 34.1           |
| W $\frac{1}{4}$ of 2.....  | III ".....            | 40.1           |
| W pt of 2.....             | III ".....            | 11.6           |
| NE pt of 2.....            | III ".....            | 25.4           |
| NW pt 2.....               | III ".....            | 33.3           |
| SE pt of 2.....            | III ".....            | 33.0           |
| Pt of 1.....               | IV ".....             | 6.7            |
| NW $\frac{1}{4}$ of 2..... | IV ".....             | 50.0           |
| S $\frac{1}{2}$ of 2.....  | IV ".....             | 70.0           |
| Pt 1 and 1A.....           | IV ".....             | 3.2            |
| Pt 1 and 4.....            | IV ".....             | 11.6           |
| Pt 1 and A.....            | IV ".....             | 7.8            |
| Pt 1A and 2.....           | IV ".....             | 124.7          |
| Pt 1 and A.....            | IV ".....             | 28.0           |
| Pt 1 and A.....            | IV and V ".....       | 149.0          |
| SW $\frac{1}{4}$ of 2..... | V ".....              | 50.0           |
| Pt A.....                  | V ".....              | 24.5           |
| Pt 1 and A.....            | V ".....              | 42.8           |
| E $\frac{1}{2}$ of A.....  | V ".....              | 47.0           |
| NE pt of 1.....            | V ".....              | 50.0           |
| SE $\frac{1}{4}$ of 1..... | V ".....              | 33.25          |
| NE $\frac{1}{4}$ of 2..... | V ".....              | 9.38           |
| A.....                     | VI ".....             | 68.6           |
| NE $\frac{1}{4}$ of 1..... | VI ".....             | 94             |
| SW $\frac{1}{4}$ of 1..... | VI ".....             | 25.4           |
| W $\frac{1}{2}$ of 24..... | III Ottawa Front..... | 2.1            |
| Pt 11, 12 and 13.....      | Junction Gore.....    | 104.0          |

Yours truly,

(Sgd.) H. R. CRAM,  
Secretary.

## SCHEDULE 2

## REPORT OF ORDINANCE AND ADMIRALTY AND PUBLIC LANDS DISPOSED OF FOR OTHER THAN RESIDENTIAL OR AGRICULTURAL PURPOSES FROM MARCH 31, 1948, TO DATE, 18TH OF MAY, 1950

| Province          | Locality   | Acreage           | Patentee   | Valuation   | Remarks   |
|-------------------|--|-------------------|--|---|---|
| Quebec.....       | Part Lot 156, Montreal South.....                      | 24,230 sq. ft.    | Les Marguilliers de L'Euvre et Fabrique de St-Georges de Montréal Sud. | \$ 700.00   | Sold to occupant for religious and educational purposes at appraised value. |
| Quebec.....       | Lot 1089-1 and Pt. Lot 1094, Lauzon.....               | 6-6 acres         | Corp. of the Town of Lauzon.....                                       | 917.00  | Sold to occupant for municipal purposes at appraised value.                 |
| Quebec.....       | Pt. Lot 3056, Quebec.....                              | 905 sq. ft.       | L'Auditorium.....  | 181.00  | Sold to occupant for private enterprise at appraised value.                 |
| Saskatchewan..... | Lots 3 and 4, Block 233, Regina.....                   | .....             | Saskatchewan Provincial Council Boy Scouts Association.                | 1,000.00  | Sold to occupant for public organization purposes at appraised value.       |
| Alberta.....      | River Lots 25, 27, 29, Edmonton Settlement.....        | 136-42 acres..... | City of Edmonton.....  | 14,560.00   | Sold by tender for civic purposes for \$15,000.80.                          |
| Ontario.....      | Lots A and B, Amherstburg.....                         | 7 acres           | Town of Amherstburg.....   | 16,300.00   | Sold to occupant for park purposes at nominal price.                        |
| Manitoba.....     | Lot B, Victoria Beach.....                             | 2-36 acres        | Rural Municipality of Victoria Beach.                                  | .....   | *Sold to occupant for memorial park at nominal price.                       |
| Nova Scotia.....  | Pt. Lots 5 and 8, Louisburg.....                       | 1-87 acres        | Louisburg Development Co. Ltd..  | 240.00  | Sold to occupant for private enterprise at appraised value.                 |
| Alberta.....      | Pt. Parcel E, River Lot 20, Edmonton Settlement.....   | 28-10 acres       | City of Edmonton.....  | 35,125.00   | *Sold to occupant for park purposes at nominal price.                       |
| Quebec.....       | Pt. Lots 1136 and 1213, Lafontaine Park, Montreal..... | .75 acres         | Montreal Catholic School Comm..  | 25,944.00   | Sold to occupant for school purposes at appraised value.                    |
| Alberta.....      | Pt. Block 131, Lethbridge.....                         | 8-5 acres.        | City of Lethbridge.....  | 44,580.00   | *Sold to occupant for park purposes at nominal price.                       |
| Quebec.....       | Pt. Lots 377-16, 1085-9, 1085-10, 1088-1, Lauzon.....  | 37,240 sq. ft.    | Rev. Sisters Jesus Marie.....  | 50.00   | Sold to occupant for convent purposes at appraised value.                   |
| Ontario.....      | Lots 1 and 2, Clyde St., Elora.....                    | 2 acres           | Corporation of the Village of Elora.                                   | 10 170.00<br>(5,085.00<br>reversionary<br>interest) | *Sold to occupant for community and recreational purposes at nominal price. |
| Quebec.....       | Pt. Lots 29, 30 and 31, Lauzon.....                    | 12-7 acres        | Corporation of the City of Levis..                                     | Nil   | *Sold to occupant for park purposes at nominal price.                       |
| Quebec.....       | Pt. Lots 1104, 1105, 1109 and 1110-1, Lauzon.....      | .....             | Corporation of the Town of Lauzon.                                     | Nil   | *Sold to occupant for park purposes at nominal price.                       |
| Ontario.....      | Pt. Lot 56, Hamilton.....                              | 5 acres           | Board of Education for the City of Hamilton.                           | 2,550.00  | Sold to occupant for school purposes at appraised value.                    |
| Alberta.....      | Pt. N.W. ¼ Sec. 9-24-29W. 4th Mer.                     | 31-1 acres        | Inglewood Gold Club Ltd.....   | 800.00  | Sold to occupant for private enterprise at appraised value.                 |
| Quebec.....       | Pt. Lot 9, Lachine.....                                | 47,720 sq. ft.    | Quebec Hydro Electric Comm.....  | 150.00  | Sold to occupant for power transmission line easement at appraised value.   |

\*Letters Patent contain the provision that if land used for other purposes, title shall revert to Crown.

REPORT OF ORDINANCE AND ADMIRALTY AND PUBLIC LANDS DISPOSED OF FOR OTHER THAN RESIDENTIAL OR AGRICULTURAL PURPOSES—*Concluded*

| Province         | Locality   | Acreage          | Patentee   | Valuation                                    | Remarks  |
|------------------|--|------------------|--|--|--|
| Ontario          | Pt. Lot 56, Hamilton.  |                  | Corporation of the City of Hamilton.   | \$ 25.00                                     | Sold to occupant for road allowance at appraised value.  |
| Quebec           | Pt. Lots 1259-1, 2 and 3, Sorel.   |                  | Shawinigan Water and Power Co.   | 50.00  | Sold to occupant for power transmission line easement at appraised value.                      |
| Quebec           | Pt. Lot 9, Lachine.  | 175.334 sq. ft.  | Province of Quebec.  |  | Sold to occupant for highway purposes at nominal price.  |
| Quebec           | Pt. Lots 24, 26, 29, 30, 1189, 1190, 1195, 1196 and 1197, 1199, 1200 and 1201, Sorel.      | 11.14 acres      | Cdn. National Railway Co.  | 15,000.00                                    | Sold to occupant for railway purposes at appraised value.                                      |
| Nova Scotia      | Pt. Admiralty Reserve, Sydney.   |                  | Corporation of the City of Sydney.   |  | *Sold to occupant for park purposes at nominal price.  |
| Quebec           | Pt. Lots 4437-143 and 9437-144, Quebec.  | 120 sq. ft.      | Corporation of the City of Quebec.   | Nil  | Sold to occupant for street widening purposes at nominal price.                                |
| Quebec           | Pt. Lots 1090, 1083 and 1095, Lauzon.  | 14 acres         | Corporation des Curés et Marguilliers de L'Oeuvre et l'Fabrique de St-Joseph de Lévis. | Nil  | *Sold to occupant for cemetery purposes at nominal price.                                      |
| Quebec           | Pt. Lots 25-30, 91-97, 125, 1102-1104, 373-4, 1110-1, 1111-1, 1112-1 and 1112-3, Lauzon.   |                  | Quebec Power Co.   | 251.00                                       | Sold to occupant for power transmission line easement at appraised value.                      |
| Ontario          | Pt. Sherbrooke Point Naval Reserve, Sherbrooke Twp.  | 22.5 acres       | Municipality of Twp. of Sherbrooke.  | 875.00                                       | *Sold to occupant for park purposes at nominal price.  |
| Ontario          | Pt. Lots 10 and 11, Charlotteville Twp., Turkey Point.                                     | 66 acres         | Linn Charles Cratt.  | 1,000.00                                     | Sold by auction for \$1,800.00 for private enterprise.   |
| Ontario          | Lots 13-28, Prescott.  | 16 lots          | Corporation of the Town of Prescott.   | 7,200.00                                     | *Sold to occupant for park purposes at nominal price.  |
| Quebec           | Lot 81 and Lots 27-36 and 82-90, Lauzon.   | 149 acres        | Levis Golf Club.   | 3,725.00                                     | Sold to occupant for private enterprise at appraised value.                                    |
| Quebec           | Pt. Lot 26, Lauzon.  | 108,900 sq. ft.  | Corporation de St-Louis-de-Gonzague-de-Pintendre.                                      | Nil  | Sold to occupant for public road at nominal price.   |
| Quebec           | Pt. Lot 4116, Quebec.  | 26,379 sq. ft.   | Corporation of the City of Quebec.   | 106,960 (reversionary interest: \$6,081.53). | Crown reversionary interest sold to occupant, for \$31,889.00.                                 |
| New Brunswick    | McCann, Flea and Man of War  | 20½ acres        | Connor Brothers Ltd.   | \$750.00                                     | Sold to occupant for private enterprise at appraised value.                                    |
| Ontario          | Lots 1-6, Block 3, Biggar Tract Brantford.   | 306 acres        | Corporation of the City of Brantford.  | Nil  | *Sold to occupant for park purposes at nominal price.  |
| Ontario          | Extension of Douro St., Toronto.   | 45 strip of land | Corporation of the City of Toronto.  | Nil  | Sold to occupant for street purposes at nominal price.   |
| British Columbia | Govt. Reserve Twp. 39 W.C.M.   | 104.04 acres     | Brunette Manufacturing Co. Ltd.  | 10,000.00                                    | Sold to occupant for private enterprise at appraised value.                                    |
| Quebec           | Lots 74, 73, 72, 71, 70A, 364, 365-1, 366-1, 367-1, 368-1, 363-1, 371-1 and 370-1, Lauzon. | 592,500 sq. ft.  | Edouard Ruel Ltd.  | 5,051.00                                     | Sold to occupant for private enterprise at appraised value. (Agreement of sale dated 1/10/47.) |

\* Letters Patent contain the provision that if land used for other purposes, title shall revert to Crown.



# REPORT OF LEASES AND VACANT ORDNNANCE, ADMIRALTY AND PUBLIC LANDS FOR OTHER THAN RESIDENTIAL OR AGRICULTURAL PURPOSES AS AT 18TH OF MAY, 1950

## PUBLIC ACCOUNTS

655

| Province             | Locality  | Acreage      | Lessee  | Valuation  | Remarks   |
|----------------------|---|--------------|---|------------|---|
| New Brunswick.....   | Pt. Lots 1-9 Ordnance Reserve, Edmundson.   | .86 acres    | Temiscouata Railway Co.....                                 | \$4,147.50 | *Leased for Railway right-of-way at nominal rental 1945 (\$1.00)  |
| New Brunswick.....   | West Battery and Blockhouse, St. Andrews.   | 2.5 acres    | Corporation of the Municipality of the town of St. Andrews. | 1,600.00   | *Leased for public park purposes at nominal rental. (\$1.00) 1943   |
| New Brunswick.....   | Martello Tower, St. John.   | 0.5 acres    | Municipality of the City and County of St. John.            |            | *Leased for municipal purposes at nominal rental. (\$1.00) 1945   |
| Saskatchewan.....    | Pt. Sections 22 and 23-17-20 W. 2nd.  | 100 acres    | Regina Golf Club tenure uncertain..                         | 13,390.00  | *Leased for golf course purposes at nominal rental (\$25.00) subject to R.C.M.P. reservation. 1939                              |
| Saskatchewan.....    | Lots 7, 8 and 9, Block 146, Saskatoon.  | 140' x 75'   |   | 6,000.00   | Vacant  |
| Alberta.....         | Pt. N.E. 1/4 35-23-1 W. 5th and S.E. 1/4 2-24-1 W. 5th Calgary.   | 201.38 acres | Thomas Hanna Munn.....                                      | 2,400.00   | Leased for quarrying purposes (\$305.00 plus \$1,000.00 Royalty per year and 10c. per cu. yd. of sand and gravel removed). 1949 |
| Alberta.....         | Pt. N.E. 1/4 35-23-1 W. 5th and S.E. 1/4 2-24-1 W. 5th Calgary.   | .71 acres    | Valley Pipe Line Co. Ltd.....                               |            | Leased for Pipe Line right-of-way at nominal rental (\$15.00) 1940  |
| Alberta.....         | Pt. N.E. 1/4 35-23-1 W. 5th and S.E. 1/4 2-24-1 W. 5th Calgary.   | 1.16 acres   | Imperial Oil Co. Ltd.....                                   |            | Leased for Pipe Line right-of-way at nominal rental (\$15.00) 1938  |
| Alberta.....         | Pt. N.E. 1/4 35-23-1 W. 5th and S.E. 1/4 2-24-1 W. 5th Calgary.   | 4.84 acres   | Calgary Power Co. Ltd.....                                  |            | Leased for transmission line purposes at nominal rental (\$10.00) 1941 (easement only)  |
| British Columbia.... | Portion Foreshore and Bed Pitt River fronting pt. frac. Sec. 4 Twp. 40 E.C.M. and pt. frac. Sec. 2 and 3. B.6 N. R.1E New Westminster District. | 47 acres     | Timber Land Lumber Co. Ltd.....                             |            | Leased for booming ground purposes (\$285.10) 1930.   |
| British Columbia.... | Portion Foreshore and Bed Pitt River fronting frac. N.E. and S.E. 1/4 Sec. 5 Twp. 40 E.C.M. New Westminster District.                           | 26 acres     | Canadian White Pine Co. Ltd.....                            |            | Leased for booming ground purposes (\$653.62) 1950.   |
| British Columbia.... | Portion of Foreshore and Bed Fraser River from Douglas Island to Kanaka Creek and Pitt River from Douglas Island to Pitt Lake.                  |              |   |            | Considerable additional Foreshore area available for booming ground leases; numerous applications pending.                      |
| P.E. Island.....     | Battery Site Charlottetown.....   | 1-25 acres   | City of Charlottetown.....                                  | 3,000.00   | *Leased for park purposes at nominal rental (\$1.00) 1938.  |
| Novæ Scotia.....     | Battery Point, Shelburne Harbour.   | .589 acres   | Canadian National Railway.....                              |            | Leased for railway* right-of-way purposes at nominal rental (\$1.00) 1934.  |

\* Lease permits cancellation 6 months' notice if used for other purposes.

REPORT OF LEASES AND VACANT ORDNANCE, ADMIRALTY AND PUBLIC LANDS FOR OTHER THAN RESIDENTIAL OR AGRICULTURAL PURPOSES—Continued

| Province            | Locality  | Acreage      | Lessee  | Valuation | Remarks   |
|---------------------|---|--------------|---|-----------|---|
| Nova Scotia.....    | Battery Point, Shelburne Harbour.   | ·172 acres   | Irving Oil Co. Ltd.....                                   | \$750.00  | Leased for private enterprise at 6% of valuation. (\$45.00) 1946.             |
| Nova Scotia.....    | Battery Point, Shelburne Harbour.   | ·119 acres   | Imperial Oil Co. Ltd.....                                 | 765.00    | Leased for private enterprise at 6% of valuation. (\$46.00) 1944.             |
| Nova Scotia.....    | Islands 1, 2, 3 and 4 Shelburne Harbour.  | 10 acres     | Town of Shelburne.....                                    | 200.00    | *Leased for municipal purposes at nominal rental (\$3.00) 1926.               |
| British Columbia... | Parcel 16 D.L. 114 Group 1, and Water Lot, New Westminster District.  | 133.94 acres | .....   | 64,960.00 | Vacant—Department of National Defence reservation.                            |
| British Columbia... | Portion Bed Fraser River fronting pt. D.L. 398 Group 1 Twp. 12 E.C.M. New Westminster District.               | 2.10 acres   | Maple Ridge Lumber Co. Ltd. and Port Heney Brick Co. Ltd. | .....     | Leased for booming ground purposes (\$218.19) 1948.                           |
| British Columbia... | Portion Bed Fraser River fronting pt. D.L. 398 Group 1 Twp. 12 E.C.M. New Westminster District.               | 1.13 acres   | Maple Ridge Lumber Co. Ltd.....                           | .....     | Leased for booming ground purposes (\$150.00) 1948.                           |
| British Columbia... | Portion Foreshore and Bed Fraser River fronting pt. of lots 278, 279 Group 1 New Westminster District.        | 8.66 acres   | British Columbia Forest Products                          | .....     | Leased for booming ground purposes (\$116.19) 1948.                           |
| British Columbia... | Portion Foreshore and Bed Fraser River Twp. 9 E.C.M. New Westminster District.                                | ·83 acres    | British Columbia Electric Railway Co. Ltd.                | .....     | *Leased for right-of-way for submarine cable at nominal rental (\$5.00) 1939. |
| British Columbia... | Portion of Bed Fraser River fronting lots 277, 249, 248, 247 and pt. 397 Group 1 New Westminster District.    | 67.46 acres  | British Columbia Forest Product Co. Ltd.                  | .....     | Leased for booming ground purposes (\$3,218.54) 1949.                         |
| British Columbia... | Portion Foreshore and Bed Fraser River fronting lots 401, 402, and pt. 403 Group 1, New Westminster District. | 34 acres     | British Columbia Forest Product Co. Ltd.                  | .....     | Leased for booming ground purposes (\$1,727.41) 1949.                         |
| British Columbia... | Portion Bed Fraser River fronting parcel C and pt. sections 10 and 11 B.5 N. R. 1E, New Westminster District. | 11.19 acres  | Evans Products Co. Ltd.....                               | .....     | Leased for booming ground purposes (\$556.22) 1949.                           |
| British Columbia... | Portion Foreshore and Bed Pitt River fronting pt. Sec. 30 B.6 N. R. 1E, New Westminster District.             | 15.40 acres  | Pacific Pine Co. Ltd.....                                 | .....     | Leased for booming ground purposes (\$183.00) 1948.                           |

|                     |  |              |  |  |
|---------------------|--|--------------|--|--|
| British Columbia... | Portion Foreshore and Bed Pitt River fronting Lot 467 Group 1 and Sec. 30, 19 and pt. 20 B. 6 N. R. 1E Twp. 38 W.C.M., New Westminster District.   | 119.79 acres | Royal Trust Co. by assignment from Canadian Western Lumber Co. Ltd.  | Leased for booming ground purposes (\$342.90) 1931.                                  |
| British Columbia... | Portion Bed Pitt River fronting Lot 467 Group 1 and Sec. 31 B. 6 N. R. 1E Twp. 38 W.C.M. and Twp. 9 E.C.M., New Westminster District.  | 35.976 acres | Royal Trust Co. by assignment from Salmon River Logging Co. Ltd.     | Leased for booming ground purposes (\$178.78) 1933.                                  |
| British Columbia... | Portion Bed Pitt River fronting Lot 231 Group 1 and pt. Sec. 19 B. 6 N. R. 1E Twp. 38 W.C.M. and Twp. 9 E.C.M., New Westminster District.  | 32.9 acres   | Mohawk Lumber Co. Ltd.   | Leased for booming ground purposes (\$170.41) 1930.                                  |
| British Columbia... | Portion Foreshore and Bed Pitt River fronting Sec. 16 Twp. 9 B. 6 N. R. 1E, New Westminster District.  | 1.09 acres   | Greater Vancouver Water District of Vancouver.                       | *Leased for water main purposes at nominal rental (\$5.00) 1947.                     |
| British Columbia... | Portion Foreshore and Bed Pitt River fronting pt. frac. N.W. 1/4 Sec. 4 frac. N.E. 1/4 Sec. 5 Twp. 40 E.C.M., New Westminster District.  | 25.54 acres  | Canadian White Pine Co. Ltd.   | Leased for booming ground purposes (\$223.00) 1940.                                  |
| Alberta.....        | Lots 1-4, Block 7, Medicine Hat.   |              | Canadian Legion B.E.S.I., Medicine Hat Branch.                       | Leased for Legion purposes at 6% of valuation (\$240.00) 1949                        |
| Alberta.....        | Pt. Lot 47A Fitzgerald Settlement.   | .9 acre      |  | Reserved for and occupied by R.C.M.P.  |
| British Columbia... | Stanley Park, Vancouver, New Westminster District.   | .68 acre     | City of Vancouver.   | *Leased for park purposes at nominal rental (\$1.00). 1908-2007                      |
| British Columbia... | Stanley Park, Vancouver, New Westminster District.   | 950 acres    | Royal Trust Co. by assignment from the First Narrows Bridge Co. Ltd. | *Leased for bridge site purposes, at nominal rental (\$1.00) 1936.                   |
| British Columbia... | Parcel 15 pt. of fractional Twp. west of Twp. 39 W.C.M., New Westminster District.   | 3.76 acres   | City of Vancouver.   | *Leased for park purposes at nominal rental (\$1.00) 1912.                           |
| British Columbia... | Pt. Parcel 15 pt. of fractional Twp. west of Twp. 39 W.C.M., New Westminster District.   | 187.6 acres  | City of Vancouver.   | Leased for quarrying purposes (\$25.00) plus 5c. per cu. yd. of stone removed. 1941. |
| British Columbia... | Pt. Parcel 15 pt. of fractional Twp. west of Twp. 39 W.C.M., New Westminster District.   | 12.5 acres.  | Vancouver Power Co. Ltd.   | *Leased for transmission line right-of-way at nominal rental (\$1.00) 1908-2007.     |
| British Columbia... | S. 1/4 Sec. 24; S. 1/4 of N. 1/4 Sec. 24; W. 1/2 L.S. 13 of Sec. 24; L.S. 13, 14, 15, 16 of Sec. 13, all in 17-10-W. 6th; and Frac. L.S. 13 of Sec. 18; Frac. L.S. 4, 5 and 12 of Sec. 19 in 17-9-W. 6th, Armstrong. | 2.4 acres    |  | Vacant. Former Rifle Range.  |
| British Columbia... |  | 772 acres    | Appraisal requested.   |  |

\*Lease permits cancellation 6 months' notice if used for other purposes.



REPORT OF LEASES AND VACANT ORDINANCE, ADMIRALTY AND PUBLIC LANDS FOR OTHER THAN RESIDENTIAL OR AGRICULTURAL PURPOSES—*Concluded*

| Province    | Locality  | Acreage                          | Lessee   | Valuation                                  | Remarks  |
|-------------|---|----------------------------------|--|--|--|
| Nova Scotia | Navy Island No. 5, Shelburne Harbour.   | 22.3 acres                       | W. T. Dauphinee.   | .....                                      | Leased for quarrying purposes (\$50 per year plus royalty 40c per long ton of stone removed) 1944.               |
| Nova Scotia | Navy Island No. 5 Shelburne Harbour.  | 22.3 acres                       | Town of Shelburne.   | \$1,135.00                                 | *Leased for recreational purposes at nominal rent (\$1.00). 1946.  |
| Quebec      | Pt. Lot 549 La Prairie.   | 15,360 sq. ft.                   | Village of La Prairie.                                     | Nil  | Leased for street purposes at nominal rental (\$1.00). 1949.   |
| Quebec      | Pt. Lots 156-171, 156-186, and 156-187.   | 6,555 sq. ft.                    | Montreal and Southern Counties Railway Company.            | .....                                      | *Leased for street railway purposes at nominal rental (\$1.00) 1935-1955.  |
| Quebec      | Pt. Lot 156, Longueuil.   | 102,000 sq. ft.                  | School Commissioners, St. Jean Baptiste of Montreal South. | 30,600.00                                  | Leased for school purposes at nominal rental (\$1.00). 1899-1998.  |
| Quebec      | Pt. Lot 156, Longueuil.   | 1.4 acres                        | Municipal Corporation of the Town of Montreal South.       | 5,516.10                                   | *Leased for municipal purposes at nominal rental (\$1.00) 1926.  |
| Quebec      | Pt. Lot 156, Longueuil.   | 12,258 sq. ft.                   | John Lester Grant and Joseph Ralph Bousquet.               | 25,000                                     | Leased for private enterprise at 6% of the valuation (\$330.00) 1946.  |
| Quebec      | Lot 1950, Commissariat Fuel Yard, Quebec.   | 4 acres, 3 roads and 28 perches. | Province of Quebec.  | 258,450.00                                 | Leased with right to purchase (\$750.00) 1878.   |
| Quebec      | Pt. Lot 4116, in front of Parliament Buildings, Quebec City.                                    | 5½ acres                         | Province of Quebec.  | 215,228.00                                 | Leased for Provincial purposes at nominal rental (\$50.00) 1881.   |
| Quebec      | Pt. Lots 4115 and 4116, Montcalm Market, Quebec.  | 89,509 sq. ft.                   | Corporation of the City of Quebec.                         | 18,600.00                                  | Leased for municipal purposes at nominal rental (\$1.00) 1947.   |
| Quebec      | Pt. Lot 3055, St. John Gate, Quebec.  | 3,720 sq. ft.                    | Corporation of the City of Quebec.                         | .....                                      | *Leased for street and park purposes at nominal rental (\$1.00) 1948.  |
| Quebec      | Lot 2544, St. Louis Ward, Quebec.   | 8,845 sq. ft.                    | High School of the City of Quebec.                         | .....                                      | Leased for school purposes at nominal rental (\$1.00) 1899-1899.   |
| Quebec      | Pt. Lots 371, 370 and 206, Lauzon.  | 4.1 acres                        | City of Lauzon.  | 4,420.00                                   | *Leased for municipal purposes at nominal rental (\$5.00) 26-9-38.   |
| Quebec      | Pt. Lots 1114, 373-4, 372-3, 371, 370 and 206, Lauzon.  | 92 acres                         | Corporation of the Town of Lauzon.                         | .....                                      | Leased for municipal purposes at 6% of valuation (\$265.00) 15-7-49.   |
| Quebec      | Pt. Lots 376-3, 1086-3, 373-4, 374, 375-2, 1086-2, 1111-1, 1112-1, 1114, 1139 and 1168, Lauzon. | 8.75 acres                       | Corporation of the Town of Lauzon.                         | .....                                      | Leased for road purposes at nominal rental (\$1.00) 2-5-50.  |
| Quebec      | Lots 1-115 to 1-131, 1-134 to 1-141 and 1-143 to 1-153 and 1-156 to 1-162, Chambly.             | 283,760 sq. ft.                  | Park area.   | Crown's interest<br>4,490.00<br>213,616.80 | Community Playground.  |
| Ontario     | Water lot fronting ¾ of S. ½ Town Lot B, Cataract, Kingston.                                    | 3½ acres                         | Canadian Pacific Railway.                                  | .....                                      | Leased for right-of-way purposes plus revenue from sub-leases approximately (\$2,000.00) 1-6-83, 3-6-46, 7-2-45. |
| Ontario     | Lots 49 and 50, Hamilton.   | 2.55 acres                       | Corporation of the City of Hamilton.                       | 4,000.00                                   | *Leased for park purposes at nominal rental (\$1.00) 1-4-26.   |
| Ontario     | Sub-lots 1, 2, 3, 4, 5, 8, 9, and 10, Burlington Heights, Hamilton.                             | .....                            | Board of Royal Botanical Gardens                           | .....                                      | *Leased for park purposes at nominal rental (\$1.00). 20-10-49   |

|              |  |                   |   |           |  |
|--------------|--|-------------------|---|-----------|--|
| Ontario..... | Pts. Parcels A, B, C and D<br>Burlington Beach.          |                   | Hydro Electric Power Commission<br>of Ontario.      |           | Leased for transmission line right-of-way<br>at nominal rental (\$1.00). (easement<br>only) 18-4-32    |
| Ontario..... | Pts. Parcels A and B, Burlington<br>Beach.               | .57 acre          | Canadian National Railways.                         | \$800.00  | Leased for railway right-of-way at<br>nominal rental (\$1.00). 18-11-36<br>(easement only).<br>Vacant. |
| Ontario..... | Pt. Lot 2, Waterloo and Princess<br>Streets, Fort Erie.  | 60' x 148.5'      | Prescott Arena Company.....                         | 1,200.00  | *Leased for community purposes at<br>nominal rental (\$1.00). 6-12-49                                  |
| Ontario..... | Lots 77, 80 and 81, N. Side, Dibble<br>Street, Prescott. | 243.55' x 434.12' | Niagara Parks Commission.....                       | 32,000.00 | *Leased for park purposes at nominal<br>rental (\$1.00). 23-12-38                                      |
| Ontario..... | Navy Island, Niagara River.....                          | 125 acres         | Commission of Queen Victoria<br>Niagara Falls Park. | 9,400.00  | *Leased for park purposes at nominal<br>rental (\$20.00). 27-6-36                                      |
| Ontario..... | Brook's Monument Ground,<br>Queenston.                   | 22 acres          | Corporation of the Town of Niagara                  |           | Leased for water main purposes at<br>nominal rental (\$1.00). 17-7-31                                  |
| Ontario..... | Ft. George, Niagara on the Lake...                       |                   | Niagara Parks Commission.....                       |           | *Leased for park purposes at nominal<br>rental (\$1.00) 1-7-34   |
| Ontario..... | Ft. Mississauga and Ft. George,<br>Niagara.              |                   | Niagara-on-the-Lake Golf Club....                   |           | *Leased for golf club purposes at nominal<br>rental (\$1.00). 1-5-46.                                  |
| Ontario..... | Ft. Mississauga Reserve, Niagara..                       |                   | Corporation of Twp. of Niagara...                   |           | *Re-forestation purposes, at nominal<br>rental (\$1.00) 10-2-48  |
| Ontario..... | Twp. of Niagara, Cty. Lincoln....                        | 20 acres          | Niagara Parks Comm.....                             |           | *Preservation and beautification pur-<br>poses, at nominal rental (\$1.00) 1-4-48                      |
| Ontario..... | Twp. of Niagara, Cty. of Lincoln....                     | 189.65 acres      | Corporation of Town of Niagara....                  |           | *Handicraft centre and meeting place, at<br>nominal rental (\$1.00) 10-2-48                            |
| Ontario..... | Niagara-on-the-Lake "Compound"                           | 1-5 acres         | The Niagara Parks Commission...                     |           | Right-of-way through Camp Ft. George<br>Nominal rental 1-7-31 (\$1.00)                                 |
| Ontario..... | Niagara (Pt. Fort George Military<br>Reserve)            | 100' x 1,230'     | Township of Sherbrooke.....                         | 730.80    | *Leased for park purposes at nominal<br>rental (\$1.00). 1-12-46.                                      |
| Ontario..... | Lot 5, Bardet Pt. Twp. of Sher-<br>brooke.               | 19-91 acres       | Lyn Hollingsworth and J. F. Shaw                    | 335.00    | Leased for golf club purposes at 6% of<br>valuation. (\$20.00) 1-5-46                                  |
| Ontario..... | Pt. St. Joseph's Island, Sault Ste.<br>Marie.            | 1 acre            |   |           | To be offered for sale by tender in the<br>near future.  |
| Ontario..... | Parcels A and B, Milford Haven,                          | 100 acres         | Corporation of the Township of<br>Kingston          | 236.00    | *Leased for park purposes at nominal<br>rental. (\$1.00) 23-11-48                                      |
| Ontario..... | Pt. St. Joseph's Island.                                 | 7-7 acres         | Corporation of the City of Ottawa                   |           | Leased for municipal purposes at nomi-<br>nal rental. (\$1.00) 28-3-17.                                |
| Ontario..... | Pt. Lots 36 and 37, Con. 4, Pitts-<br>burg Twp.          | .641 acre         | Gananoque Electric Light & Water<br>Supply Co. Ltd. |           | Leased for transmission line right-of-way<br>at annual rental (\$15.00). 19-11-49.                     |
| Ontario..... | Pt. N. ½ Lot G, Con. C, (RF),<br>Ottawa.                 |                   | Hydro Electric Power Commission<br>of Ontario       |           | Leased for transmission line right-of-way<br>at nominal rental (\$1.00). 29-9-49                       |
| Ontario..... | Pt. Lot 25, Con. 8 Pittsburg Twp...                      |                   | Hydro Electric Power Commis-<br>sion of Ontario.    |           | Leased for power distribution station<br>site at nominal rental (\$5.00). 27-3-47.                     |
| Ontario..... | Pt. Lot 25, Con. 8 Pittsburg<br>Township                 | .47 acre          |   |           |  |
| Ontario..... | Pt. Lot 25, Con. 8, Pittsburg Twp.                       | .57 acre          |   |           |  |

\* Lease permits cancellation 6 months' notice if used for other purposes.

## SCHEDULE 3

## DEPARTMENT OF TRADE AND COMMERCE

STATEMENT OF INDUSTRIAL, MINING OR OTHER PRODUCTIVE, OPERATING OR COMMERCIAL PROPERTIES OWNED BY THE CROWN, OR AGENCIES OF THE CROWN,  
SINCE APRIL 1, 1948

| Description  | Location                | Former Use  | Present Use            | Sold to | Date of Sale | Authority |
|--|-------------------------|---|------------------------|---------|--------------|-----------|
| <i>Canadian Arsenals Limited:</i><br>Small Arms Ammunition Division. | Quebec City, P.Q.       | Dominion Arsenal, operated by D.M. & S.   | Canadian Arsenals Ltd. | —       | —            | —         |
| Gun Ammunition Division.   | Lindsay, Ont.           | Dominion Arsenal operated by D.M. & S.  | "                      | —       | —            | —         |
| Small Arms Division.   | Long Branch, Ont.       | Small Arms Limited, a Crown Company under direction of D.M. & S.  | "                      | —       | —            | —         |
| Gun Division.  | Longueuil, P.Q.         | Operated on management-fee basis by Dominion Engineering Ltd. under direction of D.M. & S.  | "                      | —       | —            | —         |
| Filling Division.  | St. Paul L'Ermite, P.Q. | Cherrier Filling Plant, operated by Defence Industries Ltd. under supervision of Allied War Supplies Corp'n.  | "                      | —       | —            | —         |
| Explosives Division.   | Valleyfield, P.Q.       | DeSalaberry Works, Valleyfield, P.Q., Fuze Powder Plant, Beloeil, P.Q., Hexachlorethane Plant, Shawinigan Falls, P.Q., operated by Defence Industries Limited under supervision of Allied War Supplies Corporation. | "                      | —       | —            | —         |
| Instrument and Radar Division  | Leaside, Ont.           | Comprises approximately 1/10 of the plant formerly operated by Research Enterprises Ltd., a Crown Company under the direction of the Dept. of M. & S.   | "                      | —       | —            | —         |



|  |  |  |  |   |   |   |
|--|--|--|--|---|---|---|
| <i>Canadian Wheat Board:</i><br>Canadian Wheat Board Bldg.....   | Winnipeg, Man.....   | .....  | Head Office of Canadian Wheat Board.   | — | — | — |
| <i>Board of Grain Commissioners—</i><br>Canadian Government Storage Elevators located at the following points:                                       | Port Arthur, Ont., Moose Jaw, Sask., Saskatoon, Sask., Calgary, Alta., Edmonton, Alta., Lethbridge, Alta., Prince Rupert, B.C. | .....  | Storage of Grain....   | — | — | — |
| <i>Eldorado Mining and Refining (1944) Limited:</i><br>Mine, buildings and equipment.<br>Refinery.....<br>Buildings and equipment (Prospective Mine) | LaBine Point, Great Bear Lake, N.W.T.<br>Port Hope, Ont.....<br>Beaverlodge Lake, Sask.....                                    | Operated as privately-owned Company until all outstanding shares appropriated by the Canadian Government in 1944.                      | Production of radium and uranium.  | — | — | — |
| <i>Northern Transportation Company (1947) Limited:</i><br>Land, Buildings, Boats, Barges, and Motor Vehicle Equipment.                               | Fort McMurray, Alta.....   | Wholly-owned subsidiary of Eldorado Mining & Refining Ltd.—acquired by Canadian Government when shares of parent Company appropriated. | Provides all transportation for Eldorado mine, as well as public transportation service in the Mackenzie River area. | — | — | — |
| <i>Polymer Corporation Limited:</i><br>Plant and Equipment.....  | Sarnia, Ont.....   | Crown Company operated under direction of Dept. of M. & S.   | Production of Synthetic Rubber.  | — | — | — |
| <i>A. V. Roe Canada Limited:</i><br>Balance of equipment at Malton and Nobel (not included in sale of Malton Plant to Company.                       | Malton and Nobel, Ont.....   | Formerly part of Victory Aircraft Ltd. Plant at Malton, and of Defence Industries Ltd. Explosives Plant at Nobel.                      | On loan as capital assistance for use on Gas Turbine Development Contract with Dept. of National Defence.            | — | — | — |

**CROWN ASSETS DISPOSAL CORPORATION**  
**STATEMENT OF INDUSTRIAL, MINING, PRODUCTIVE, OPERATING OR COMMERCIAL PROPERTIES**  
**DISPOSED OF FROM APRIL 1, 1948 TO DATE OR HELD FOR DISPOSAL**

| No. | Description  | Location                                | Formerly used<br>as or by                                       | Sold to   | Reported present<br>use   | Date of Sale  | Authority              |
|-----|--|---|---|---|---|---------------|------------------------|
| 1.  | Coal Pier and coal handling facilities.                        | Lewisporte, Nfld.                       | As Coal Depot.  | Newfoundland Railway St. John's, Nfld.                                | Coal Depot.   | June 11, 1948 |                        |
| 2.  | Buildings and 3,000 ton marine railway.                        | Sydney, N.S.                            | As ship repair dock By Sydney Engineering and Dry Dock Co. Ltd. | Sydney Engineering and Dry Dock Co. Ltd. Sydney, N.S.                 | Ship repair.  | April 5, 1948 |                        |
| 3.  | Former Foundation Maritimes shipyard, buildings and equipment. | Pictou, N.S.                            | As Maritime shipbuilding.                                       | J. J. Block Equipment Corporation, Montreal, P.Q.                     | Not known.  | April 6, 1948 | P.C. 1957/48           |
| 4.  | Land, buildings, machine tools.                                | Trenton, N.S.                           | By Trenton Steel Works Co. Ltd.                                 | Trenton Steel Works Co. Ltd. Trenton, N.S.                            | Steel fabricating.  | June 22, 1948 | P.C. 2371/48           |
| 5.  | Clark Ruse Plant.  | Dartmouth, N.S.                         | As Aircraft Repair Depot by Clark Ruse Aircraft Co. Ltd.        | Fairey Aviation Co. of Canada Ltd. Eastern Passage, N.S.              | Aircraft repair.  | Nov. 30, 1948 | P.C. 5760/48           |
| 6.  | Iron Mine.   | Bathurst Iron Mines, N.B.               | As Iron Mine By Dominion Steel and Coal Co. Ltd.                | Department of Lands and Mines, Province of N.B.                       | Iron mine.  | April 9, 1948 | P.C. 2060/48           |
| 7.  | Airport.   | Milledgeville, (St. John, N.B.)         | As Airport, R.C.A.F.  | City of St. John, N.B.  | Municipal airport.  | May 27, 1948  |                        |
| 8.  | Graving dock.  | St. John, N.B.                          | As Graving dock by St. John Dry Dock Co. Ltd.                   | St. John Dry Dock Co. Ltd. St. John, N.B.                             | Graving Dock.   | June 1, 1949  | P.C. 3571/49           |
| 9.  | Former Hexachlorethane Plant No. 2.                            | Shawinigan Falls, P.Q.                  | As Hexachlorethane Plant by Canadian Industries Ltd.            | Canadian Industries Ltd.  | Chemical operations   | June 22, 1948 | P.C. 3957/48           |
| 10. | Buildings, Former Defence Industries Ltd. Villeray Plant.      | 8-500 St. Lawrence Blvd. Montreal, P.Q. | As Explosives Plant.  | William Ziff and Son Ltd., Montreal, P.Q.                             | Demolished as per original contract for use and return of land. | July 7, 1948  |                        |
| 11. | Land and buildings.  | Presqu'île, P.Q.                        | As Magazine Area by Defence Industries Ltd.                     | Henri Laforest, St. Eugene, Roberval Co. P.Q.                         | Unknown.  | July 30, 1948 | P.C. 3919/48           |
| 12. | Land and buildings.  | Longue Pointe, Que.                     | As Tank Arsenal by Montreal Locomotive Works.                   | Canadian General Electric Co., Ltd.                                   | Manufacturing electrical equipment.                             | Aug. 2, 1948  | P.C. 2313<br>P.C. 5918 |
| 13. | Ammunition Storage Depot.                                      | St. Isidore, P.Q.                       | As High Explosive Magazine Depot by Defence Industries Ltd.     | Eastern Electrical Supply Co., 6202 Sherbrooke St. W., Montreal, Que. | Warehousing.  | Aug. 30, 1948 | P.C. 4247              |

|   |   |  |  |                             |               |              |
|---|---|--|--|-----------------------------|---------------|--------------|
| 14. Land, Former Defence Industries Ltd. Villeray Plant.                      | Indus-8500 St. Lawrence Blvd. Montreal. | As Explosive manufacture by Defence Industries Ltd.  | Stanley Bagg Corporation (under terms of original contract as to use and return).        | Sub-divided into lots.      | Dec. 31, 1948 | P.C. 159/49  |
| 15. Land and buildings.   | Longue Point.                           | By Montreal Locomotive Works as Tank Arsenal Warehouse.  | Montreal Locomotive Works Ltd.   | Storage.                    | Jan. 1, 1949  | P.C. 1063    |
| 16. Former Defence Industries Ltd. Plant including Maintenance equipment.     | Verdun, P.Q.                            | As small arms ammunition plant — Defence Industries Ltd. converted to Multiple Tenancies by Crown Assets Disposal Corporation. | Verdun Industrial Building Corporation (comprising existing tenants).                    | Manufacturing.              | Sept. 1, 1949 | P.C. 4403    |
| 17. Originally Canadian Aeroplane Division Plant.                             | Cartierville, P.Q.                      | As aeroplane manufacturing Plant by Canadian Ltd.  | Canadair Limited, Cartierville, P.Q.   | Aeroplane manufacture.      | Oct. 1, 1949  | P.C. 6567/50 |
| 18. Former Canadian Arsenal Hangar.   | Cap de la Madeleine, P.Q.               | As storage by Canadian Arsenal.  | City of Cap de la Madeleine, P.Q.  | Industry.                   | Oct. 24, 1949 |              |
| 19. Land and Industrial buildings.  | 9500 St. Lawrence Blvd. Montreal.       | As part of Former Defence Industries Ltd. Montreal Works converted to Multiple Tenancies by Crown Assets Disposal Corporation. | 9500 Building Incorporated (comprising existing tenants).                                | Manufacturing.              | Dec. 1, 1949  | P.C. 6305    |
| 20. 2 Warehouses.   | Craig St. East, Montreal                | As Naval Stores.   | Canadian Pacific Express.  | Warehouses.                 | Jan. 6, 1950  |              |
| 21. Former Noordyn Aircraft Plant   | Cartierville, P.Q.                      | As Aircraft Plant by Canadian Car & Foundry.   | At present leased to Canadair.   |                             |               |              |
| 22. Additions mainly machinery and equipment.                                 | Lauson, P.Q.                            | By Geo. T. Davie & Sons, Ltd. Shipbuilding Plant.  | Geo. T. Davie & Sons, Ltd.   |                             |               |              |
| 23. Diesel Generating Plant.  | Seven Islands, P.Q.                     | As Diesel Generating Plant supplying power to Seven Islands Airport.   | Negotiations proceeding (Waiting for signing of agreement.)                              |                             |               |              |
| 24. Certain land also Power Plant.  | Gaspe, P.Q.                             | As part of "HMCS Fort Ramsay".   | Leased to province of Que. and Gaspe South Electric Co-operative, and Shell Oil Co. Ltd. |                             |               |              |
| 25. Part of Toronto Shipbuilding Co. Ltd. Plant. (Western Building and land). | Toronto, Ont.                           | As Shipoutfitting yard operated by Redfern Construction Co. Ltd.   | Loblaw Grocceteria Co. Ltd.  | Processing and Warehousing. | June 25, 1948 | P.C. 3364    |
| 26. Former Fleet Aircraft Plant. (Addition only)                              | Fort Erie, Ont.                         | As Aircraft manufacture by Fleet Aircraft.   | Fleet Manufacturing Ltd.   | Manufacturing.              | July 7, 1948  | P.C. 5521/48 |
| 27. Plant and Equipment.  | Victory Aircraft Plant, Malton, Ont.    | As Aircraft manufacturers.   | A. V. Roe Canada Ltd.  | Manufacture of Aircraft.    | Aug. 1, 1948  | P.C. 642/49  |



## CROWN ASSETS DISPOSAL CORPORATION

## STATEMENT OF INDUSTRIAL, MINING, PRODUCTIVE, OPERATING OR COMMERCIAL PROPERTIES

DISPOSED OF FROM APRIL 1, 1948 TO DATE OF HELD FOR DISPOSAL

| No. | Description   | Location          | Formerly used<br>as or by  | Sold to  | Reported present<br>use   | Date of Sale   | Authority    |
|-----|---|-------------------|--|--|---|----------------|--------------|
| 28. | Former Canadian Army Trade School.                                  | Hamilton, Ont.    | As Canadian Army Trade School by Army.   | The Austin Motor Co. (Canada) Limited.   | Used as Distribution Depot.   | Aug. 31, 1948  | P.C. 5694    |
| 29. | 125 buildings, land Former General Engineering Plant.               | Scarborough, Ont. | As Ammunition Plant by General Engineering Co.   | Township of Scarborough.   | Proposed Industrial Site.   | Oct. 1, 1948   | P.C. 1749/49 |
| 30. | Former United Steel Corporation Shell Plant.                        | Welland, Ont.     | As Manufacture Ammunition (Shell).   | United Steel Corporation, Toronto, Ont.  | Extension to existing buildings.  | Nov. 9, 1948   |              |
| 31. | Otis-Fensom Elevator Co. Ltd. Buildings.                            | Hamilton, Ont.    | As Ordnance Plant.   | Otis-Fensom Elevator Co. Hamilton, Ont.  | 1 building leased by National Defence. Other buildings in use by Elevator Co. Hospital. | Dec. 31, 1948  |              |
| 32. | Land and buildings (Christie Street Hospital).                      | Toronto, Ont.     | As Hospital (Department of Veterans Affairs).  | City of Toronto.   |   | April 15, 1949 | P.C. 2120/49 |
| 33. | Former Post Office Building and Site later leased as Bank Premises. | London, Ont.      | As Bank (under lease from Public Works).   | Bank of Montreal, Montreal, P.Q.   | Bank.   | May 1, 1949    | P.C. 2369/49 |
| 34. | Liberty Building former John Inglis Co. Ltd.                        | Toronto, Ont.     | As Munitions factory by John Inglis Co. Ltd. (Converted to Multiple Tenancies by Crown Assets Disposal Corporation). | Liberty Building Ltd. Toronto, Ont. (comprising existing tenants).   | Manufacturing.  | Jan. 2, 1950   | P.C. 99/50   |
| 35. | 25 buildings, Former General Engineering Plant.                     | Scarborough, Ont. | As Ammunition Plant.   | Not Sold. Used for Emergency Shelter purposes. Under agreement for eventual sale to Township of Scarborough. |   |                |              |
| 36. | Land and Hangar.  | Winnipeg, Man.    | By MacDonald Bros. Aircraft as overhaul and repair plant.  | MacDonald Bros. Aircraft Winnipeg, Man.  | Aircraft overhaul and repair plant.   | 1948           | P.C. 2370/48 |
| 37. | Industrial building and land.                                       | St. James, Man.   | By Mid-West Aircraft, St. James, Man. as Aircraft Repair Depot.  | National Motors Ltd. Winnipeg.   | Assembly of motor cars, agricultural implements and re-building of gasoline motors.     | Jan. 7, 1949   | P.C. 461/49  |

|  |                                |                       |   |   |                                       |                        |              |
|--|--------------------------------|-----------------------|---|---|---------------------------------------|------------------------|--------------|
| 33. Hangar and land .....                            | Stevenson Field, Winnipeg.     | Win-                  | By Standard Aero Engine Works Ltd. and Canadian Airways Ltd. as Aircraft Repair Depot.          | Ray-O-Vac (Canada) Ltd. (Former lessees)  | Manufacture of electrical batteries.  | 1, 1950                | P.C. 2520/50 |
| 39. Hangar No. 9 .....                               | No. 8 Repair Depot, Winnipeg.  | Depot                 | As Hangar by R.C.A.F.   | Leased to Ford Motor Co. of Canada Ltd. for five years from Aug. 1947 and may be renewed for further five-year period at expiration of original lease. Leased to The Maytag Co. for five years from July 23, 1946 to be returned to Department of Transport on expiration of lease. |                                       |                        |              |
| 40. Hangar No. 7.                                    | No. 8 Repair Depot, Winnipeg.  | Depot                 | As Hangar by R.C.A.F.   | Leased to Family Fair Ltd. for five years from July 12, 1946 to be returned to Department of Transport on expiration of lease.  |                                       |                        |              |
| 41. Hangar No. 6 .....                               | No. 8 Repair Depot, Winnipeg   | Depot                 | As Hangar by R.C.A.F.   | Leased to Family Fair Ltd. for five years from July 12, 1946 to be returned to Department of Transport on expiration of lease.  | Unknown .....                         | June 14, 1948 .....    |              |
| 42. Industrial Building .....                        | Sea Island, Vancouver, B.C.    | Vancouver,            | By Coates Ltd. as overhaul and repair depot   | City of Vancouver, B.C.   | Overhaul and repair aeroplane engines | Aug. 1, 1948 .....     |              |
| 43. Industrial bldg., outbuildings and installations | Sea Island, Vancouver, B.C.    | Vancouver,            | By Canadian Wright Ltd. and British Aeroplane Engines Ltd. as overhaul and repair engine plant. | British Aeroplane Engines Ltd.  |                                       |                        |              |
| 44. Boeing Aircraft Plant No. 1 .....                | Vancouver Airport, Sea Island. | Sea                   | As Aircraft manufacturing plant.  | Canadian Pacific Air Lines Ltd., Montreal, Que.   | Terminal for aircraft                 | March 3, 1949 .....    | P.C. 4771/49 |
| 45. Hotel (Dunsmuir) .....                           | Vancouver, B.C.                | Vancouver, B.C.       | As Merchants Seamen Manning Depot.  | Salvation Army, Vancouver, B.C.   | Hostel .....                          | Sept. 1, 1949 .....    |              |
| 46. Former U.S. Warehouse .....                      | Prince Rupert, B.C.            | Prince Rupert, B.C.   | As warehouse .....  | Soren Madsen, Edmonton, Alta.   | For removal (on leased land).         | on Mar. 15, 1950 ..... |              |
| 47. Boeing Plant No. 2 .....                         | Sea Island, Vancouver, B.C.    | Vancouver, B.C.       | As aircraft plant.  |   |                                       |                        |              |
| 48. Canadian Pacific Air Lines Hangar.               | New Westminster, B.C.          | New Westminster, B.C. | As repair and aircraft overhaul.  |   |                                       |                        |              |
| 49. Administration Building .....                    | Prince Rupert, B.C.            | Prince Rupert, B.C.   | By United States Forces   | Frank Kaftel, 222 Simcoe St., Toronto, Ont.   | Apartment Block .....                 | Oct. 31, 1949 .....    |              |

SCHEDULE 4  
DEPARTMENT OF TRANSPORT/AIR SERVICES  
AIRWAYS AND AIRPORTS PROPERTY RECORD

| Airway       | Site                     | COST VALUE |            |            | Remarks |
|--------------|--------------------------|------------|------------|------------|---------|
|              |                          | Airfield   | Buildings  | Total      |         |
|              |                          | \$         | \$         | \$         |         |
| Green No. 1. | Torbat, Nfld.            | 4,308,824  | 7,915,341  | 12,224,165 |         |
| "            | Gander, Nfld.            | 1,799,692  | 18,313,224 | 20,112,916 |         |
| "            | Buchans, Nfld.           | 637,526    | 515,330    | 1,152,856  |         |
| "            | St. Andrews, Nfld.       |            | 208,278    | 208,278    |         |
| "            | Sydney, N.S.             | 2,038,158  | 2,711,519  | 4,749,677  |         |
| "            | Charlottetown, P.E.I.    | 887,516    | 2,142,273  | 3,029,789  |         |
| "            | Moncton, N.B.            | 2,964,267  | 3,392,928  | 6,357,195  |         |
| "            | Havelock, N.B.           | 57,018     |            | 57,018     |         |
| "            | Blissville, N.B.         | 246,030    | 159,918    | 405,948    |         |
| "            | Megantic, Que.           | 331,329    | 139,612    | 470,941    |         |
| "            | Bishopton, Que.          | 96,576     |            | 96,576     |         |
| "            | Windor Mills, Que.       | 355,717    | 356,280    | 711,997    |         |
| "            | Montreal (Dorval), Que.  | 4,919,528  | 5,167,891  | 10,087,419 |         |
| "            | St. Eugene, Ont.         | 427,790    | 5,525,639  | 953,790    |         |
| "            | Ottawa, Ont.             | 970,029    | 1,916,558  | 2,886,587  |         |
| "            | Carp, Ont.               | 441,280    | 138,569    | 579,849    |         |
| "            | Arnprior, Ont.           | 366,174    | 914,571    | 1,280,745  |         |
| "            | Killaloe, Ont.           | 184,933    | 72,750     | 257,743    |         |
| "            | Lake of Two Rivers, Ont. | 120,335    |            | 120,335    |         |
| "            | North Bay, Ont.          | 1,385,700  | 473,719    | 1,859,419  |         |
| "            | Diver, Ont.              |            |            | 122,480    |         |
| "            | Gillies, Ont.            | 91,041     |            | 91,041     |         |
| "            | Earleton, Ont.           | 152,936    | 74,787     | 227,723    |         |
| "            | Round Lake, Ont.         | 139,711    |            | 139,711    |         |
| "            | Ramore, Ont.             | 63,408     |            | 63,408     |         |
| "            | Porquis Jet., Ont.       | 76,980     | 74,899     | 151,879    |         |
| "            | Tudhope, Ont.            | 83,487     |            | 83,487     |         |
| "            | Kapuskasig, Ont.         | 1,089,277  | 342,620    | 1,431,897  |         |
| "            | Hearst, Ont.             | 45,189     |            | 45,189     |         |
| "            | Pagwa, Ont.              | 248,314    | 98,893     | 347,207    |         |
| "            | Ogahalla, Ont.           | 53,633     |            | 53,633     |         |
| "            | Grant, Ont.              | 39,362     |            | 39,362     |         |
| "            | Nakna, Ont.              | 371,650    |            | 494,203    |         |
| "            | Kowkash, Ont.            | 136,277    | 122,553    | 136,277    |         |

Leased to Township of Huntley Dec. 1st, 1947.  
5 year term. Annual rental \$1.00.



|              |                              |             |             |             |  |
|--------------|------------------------------|-------------|-------------|-------------|--|
| "            | Armstrong, Ont.....          | 695, 807    | 235, 837    | 931, 634    | Leased to City of Portage La Prairie May 1st, 1948.<br>5 year term. Annual rental \$1.00.  |
| "            | Allanwater, Ont.....         | 110, 786    |             | 110, 786    |  |
| "            | Stoux Lookout, Ont.....      | 389, 185    | 145, 980    | 535, 165    |  |
| "            | Sunstrum, Ont.....           | 76, 712     |             | 76, 712     |  |
| "            | Amesdale, Ont.....           | 132, 487    |             | 132, 487    |  |
| "            | Vermilion Bay, Ont.....      | 125, 711    |             | 125, 711    |  |
| "            | Kenora, Ont.....             | 249, 661    | 113, 825    | 363, 486    |  |
| "            | Caddy Lake, Man.....         | 113, 247    |             | 113, 247    |  |
| "            | Whitemouth, Man.....         | 82, 560     |             | 82, 560     |  |
| "            | Vivian, Man.....             | 94, 826     |             | 94, 826     |  |
| "            | Winnipeg, Man.....           | 4, 406, 246 | 4, 705, 329 | 9, 111, 575 |  |
| "            | Portage La Prairie, Man..... | 940, 243    | 1, 557, 028 | 2, 497, 271 |  |
| "            | Carberry, Man.....           | 619, 684    | 1, 874, 824 | 2, 494, 508 |  |
| "            | Brandon, Man.....            | 870, 824    | 1, 244, 496 | 2, 115, 320 | Leased to City of Brandon Dec. 1st, 1946. 5 year<br>term. Annual rental \$1.00. Supplemental Agree-<br>ment June 1st, 1948. Subsidy \$7,000.00 per<br>annum. |
| "            | Rivers, Man.....             | 538, 860    | 2, 464, 254 | 3, 003, 114 |  |
| "            | Broadview, Sask.....         | 116, 827    | 109, 693    | 226, 520    |  |
| "            | Regina, Sask.....            | 1, 968, 649 | 778, 971    | 1, 857, 620 |  |
| "            | Moose Jaw, Sask.....         | 952, 710    | 1, 407, 431 | 2, 360, 141 | Leased to City of Moose Jaw Feb. 1st, 1947. 5<br>year term. Annual rental \$1.00. Subsidy<br>\$7,000.00 per annum.   |
| "            | Swift Current, Sask.....     | 704, 143    | 1, 935, 510 | 2, 639, 653 |  |
| "            | Medicine Hat, Alta.....      | 553, 552    | 1, 333, 412 | 1, 886, 964 | Leased to City of Medicine Hat April 1st, 1947. 5<br>year term. Annual rental \$1.00. Subsidy<br>\$7,000.00 per annum.                                       |
| "            | Lethbridge, Alta.....        | 1, 273, 625 | 1, 947, 873 | 3, 221, 498 |  |
| "            | Macleod, Alta.....           | 690, 421    | 1, 447, 422 | 2, 137, 843 |  |
| "            | Cowley, Alta.....            | 112, 969    | 124, 605    | 237, 574    |  |
| "            | Coleman, Alta.....           | 103, 344    | 108, 708    | 5, 364      |  |
| "            | Cranbrook, B.C.....          | 17, 347     | 52, 304     | 69, 651     |  |
| "            | Kimberley, B.C.....          | 93, 306     | 74, 124     | 167, 430    |  |
| "            | Crescent Valley, B.C.....    |             | 151, 591    | 151, 591    |  |
| "            | Carmi, B.C.....              |             | 137, 780    | 137, 780    |  |
| "            | Penticton, B.C.....          | 413, 318    | 92, 604     | 505, 922    |  |
| "            | Princeton, B.C.....          | 89, 822     | 263, 082    | 352, 904    |  |
| "            | Hope, B.C.....               | 257, 850    | 5, 811      | 263, 661    |  |
| "            | Vancouver, B.C.....          | 2, 860, 123 | 3, 177, 573 | 6, 037, 696 | Leased to City of Vancouver on November 1st,<br>1947 for 5 year term. \$24,000.00 subsidy per<br>annum.  |
| "            | Patricia Bay, B.C.....       | 2, 050, 835 | 6, 199, 607 | 8, 250, 442 |  |
| Green No. 2. | Clear Creek, Ont.....        |             | 92, 875     | 92, 785     | 1.37 acres sold by tender. O.C. 3575 dated Aug.<br>12th, 1948. Consideration \$180.00.   |
| Amber No. 1. | Vancouver, B.C.....          | 4, 373, 799 | 2, 037, 242 | 6, 411, 041 | See Green Airway No. 1.  |
| "            | Comox, B.C.....              | 4, 954, 308 | 2, 689, 068 | 7, 643, 376 |  |
| "            | Port Hardy, B.C.....         |             |             |             |  |

DEPARTMENT OF TRANSPORT/AIR SERVICES  
AIRWAYS AND AIRPORTS PROPERTY RECORD

| Airway       | Site                  | COST VALUE |           |            | Remarks   |
|--------------|-----------------------|------------|-----------|------------|---|
|              |                       | Airfield   | Buildings | Total      |   |
|              |                       | \$         | \$        | \$         |   |
| Amber No. 1. | Sandspit, B.C.        | 162,070    | 411,245   | 573,315    | See Green Airway No. 1.<br>Leased to Village of Champion June 1st, 1946. 5 year term. Annual rental \$1.00.       |
| "            | Masset, B.C.          |            | 376,829   | 376,829    |   |
| Amber No. 2  | Lethbridge, Alta.     | 128,036    | 22,100    | 150,136    |   |
| "            | Champion, Alta.       |            |           |            |   |
| "            | Vulcan, Alta.         | 1,080,451  | 1,463,884 | 2,544,335  | Leased to City of Calgary July 1st, 1949. 5 year term. Annual rental \$1.00. Subsidy \$25,000.00 per annum.       |
| "            | Shepard, Alta.        | 530,167    | 541,600   | 1,071,767  |   |
| "            | Calgary, Alta.        | 2,426,416  | 2,335,508 | 4,761,924  |   |
| "            | Netook, Alta.         | 65,486     | 6,880     | 72,366     | Leased to Town of Olds June 1st, 1946. 5 year term. Annual rental \$1.00.   |
| "            | Penhold, Alta.        | 974,874    | 1,588,545 | 2,563,419  |   |
| "            | Edmonton, Alta.       | 5,656,209  | 5,231,965 | 10,888,174 |   |
| "            | Whitecourt, Alta.     |            | 345,938   | 345,938    | Leased to the City of Edmonton Nov. 1st, 1946. 10 year term. Annual rental \$1.00. Subsidy \$25,000.00 per annum. |
| "            | Grande Prairie, Alta. |            | 136,728   | 136,728    |   |
| "            | Fort St. John, B.C.   |            | 121,201   | 121,201    |   |
| "            | Beaton River, B.C.    |            | 99,388    | 99,388     |   |
| "            | Fort Nelson, B.C.     |            | 118,896   | 118,896    |   |
| "            | Smith River, B.C.     |            | 119,122   | 119,122    |   |
| "            | Watson Lake, Y.T.     |            | 200,393   | 200,393    |   |
| "            | Teslin, Y.T.          |            | 122,793   | 122,793    |   |
| "            | Whitehorse, Y.T.      |            | 266,420   | 266,420    |   |
| "            | Ashihuk, Y.T.         |            | 105,697   | 105,697    |   |
| "            | Snag, Y.T.            |            | 150,363   | 150,363    |   |
| Amber No. 3  | Yarmouth, N.S.        |            |           |            |   |
| "            | Greenwood, N.S.       | 1,235,005  | 2,497,749 | 3,732,754  |   |
| "            | Waterville, N.S.      |            |           | 193,067    |   |
| "            | Amherst, N.S.         | 340,063    |           | 340,063    |   |
| Amber No. 4  | Moncton, N.B.         |            |           |            | See Green Airway No. 1.<br>See Green Airway No. 1.  |
| "            | Princeston, B.C.      |            |           |            |   |
| "            | Ashcroft, B.C.        |            | 179,704   | 179,704    |   |
| "            | Dog Creek, B.C.       | 413,384    | 490,313   | 903,697    | Leased to Village of Williams Lake Oct. 1st, 1946. 5 year term. Annual rental \$1.00.                             |
| "            | Williams Lake, B.C.   | 33,302     |           | 33,302     |   |
| "            | Quesnel, B.C.         | 261,439    | 198,616   | 460,055    |   |

|              |                              |           |           |           |   |
|--------------|------------------------------|-----------|-----------|-----------|---|
| Amber No. 6. | Prince George, B.C.          | 1,968,644 | 1,950,515 | 3,919,159 | See Green Airway No. 2.   |
| "            | Clear Creek, Ont.            |           |           |           | See Green Airway No. 23.  |
| "            | Toronto, Ont.                |           |           |           |   |
| "            | Muskoka, Ont.                | 167,774   | 64,060    | 231,834   |   |
| "            | Emsdale, Ont.                | 105,322   |           | 105,322   |   |
| "            | South River, Ont.            | 37,641    |           | 37,641    |   |
| Amber No. 8. | North Bay, Ont.              |           |           |           | See Green Airway No. 1.   |
| "            | Dartmouth, N.S.              |           |           |           | See Red Airway No. 3.   |
| "            | Stanley, N.S.                | 571,401   | 352,356   | 923,817   | See Amber Airway No. 3.   |
| "            | Amherst, N.S.                |           |           |           | See Green Airway No. 1.   |
| Red No. 1.   | Moncton, N.B.                |           |           |           |   |
| "            | Seven Islands, Que.          | 1,535,900 | 390,085   | 1,925,985 |   |
| "            | Mont Joli, Que.              | 2,331,886 | 2,234,877 | 4,566,763 |   |
| "            | Quebec, Que.                 | 1,797,612 | 2,066,963 | 3,864,575 |   |
| "            | Montreal (Dorval), Que.      |           |           |           |   |
| "            | Ottawa, Ont.                 |           |           |           | See Green Airway No. 1.   |
| "            | Stirling, Ont.               |           |           |           | See Green Airway No. 1.   |
| "            | Toronto, Ont.                |           |           |           |   |
| "            | London, Ont.                 | 1,781,526 | 1,859,893 | 3,641,419 | See Red Airway No. 23.  |
| "            | Windsor, Ont.                |           |           |           | 16.5 acres exchanged with Township of London and Township of Missouri West for road diversion purposes. O.C. No. 161 dated Jan. 15th, 1948. |
| Red No. 3.   | Sydney, N.S.                 | 1,477,964 | 494,952   | 1,972,916 | See Green Airway No. 1.   |
| "            | Copper Lake, N.S.            |           |           |           |   |
| "            | Dartmouth, N.S.              | 1,982,301 | 148,445   | 148,445   |   |
| "            | Yarmouth, N.S.               | 2,112,465 | 6,674,209 | 8,656,510 | 0.9 acres sold for Highway Purposes. O.C. 685 dated Feb. 14th, 1950. Consideration \$1.00.  |
| Red No. 6.   | Winnipeg, Man.               |           |           |           | Town of Yarmouth.   |
| "            | Portage la Prairie, Man.     |           |           |           | See Green Airway No. 1.   |
| "            | Neepawa, Man.                | 402,685   | 905,957   | 1,308,642 |   |
| "            | Yorkton, Sask.               | 1,000,562 | 1,657,356 | 2,657,918 |   |
| "            | Dafoe, Sask.                 | 1,136,955 | 1,335,063 | 2,472,018 |   |
| "            | Saskatoon, Sask.             | 2,572,884 | 1,449,871 | 4,022,855 |   |
| "            | North Battleford, Sask.      | 1,004,743 | 1,415,201 | 2,419,944 |   |
| "            | Vermilion, Alta.             |           | 76,736    | 76,736    |   |
| "            | Cooking Lake, Alta.          | 34,992    |           | 34,992    |   |
| Red No. 10.  | Edmonton, Alta.              |           |           |           | See Amber Airway No. 2.   |
| "            | Yarmouth, N.S.               |           |           |           | See Red Airway No. 3.   |
| "            | Pennfield Ridge, N.B.        | 1,446,815 | 2,548,649 | 3,995,464 | See Green Airway No. 1.   |
| Red No. 23.  | Blissville, N.B.             |           |           |           |   |
| "            | Toronto (Malton) Ont.        | 3,039,574 | 3,842,092 | 6,881,666 |   |
| "            | Warrton, Ont.                | 801,806   | 87,970    | 889,776   |   |
| "            | Gore Bay, Ont.               | 631,942   | 115,758   | 747,700   |   |
| "            | Lakehead (Fort William) Ont. | 1,452,856 | 533,816   | 1,986,772 | 5.5 acres sold to Harvey Barrie. O.C. No. 5685 dated Dec. 10, 1949. Consideration \$250.00.   |
| "            | Graham, Ont.                 |           |           |           |   |
| "            | Kenora, Ont.                 | 398,357   | 252,398   | 650,755   | See Green Airway No. 1.   |
| Red No. 63.  | London, Ont.                 |           |           |           | See Red Airway No. 1.   |
| "            | Sarnia, Ont.                 | 9,664     |           | 9,664     |   |



DEPARTMENT OF TRANSPORT/AIR SERVICES  
AIRWAYS AND AIRPORTS PROPERTY RECORD

| Airway  | Site                        | Cost Value |            |            | Remarks   |
|---|-----------------------------|------------|------------|------------|---|
|   |                             | Airfield   | Buildings  | Total      |   |
|   |                             | \$         | \$         | \$         |   |
| Red Air Route No. 1....                                     | Goose, Labrador.....        | 8,182,018  | 18,525,902 | 26,707,920 | See Red Airway No. 1.<br>See Amber Airway No. 2.  |
| "   | Mecatina, Que.....          |            | 5,525      | 5,525      |   |
| "   | Seven Islands, Que.....     |            |            |            |   |
| Blue Air Route No. 84..                                     | Edmonton, Alta.....         |            |            |            |   |
| "   | Ft. McMurray, Alta.....     | 56,705     | 84,444     | 141,149    |   |
| "   | Embaras, Alta.....          | 22,902     | 48,771     | 71,673     |   |
| "   | Ft. Smith, N.W.T.....       | 98,036     | 120,397    | 218,433    |   |
| "   | Tt. Resolution, N.W.T.....  | 39,774     | 37,076     | 76,850     |   |
| "   | Yellowknife, N.W.T.....     | 1,220,532  | 422,936    | 1,643,468  |   |
| N.E. (Crimson) Route.                                       | Winnipeg, Man.....          |            |            |            | See Green Airway No. 1.<br>Leased to the Town of Dauphin March 15, 1947.<br>Annual rental \$1.00. |
| "   | Dauphin, Man.....           | 727,267    | 1,380,761  | 2,108,028  |   |
| "   | The Pas, Man.....           | 1,688,649  | 1,252,821  | 2,941,470  |   |
| "   | Churchill, Man.....         | 5,099,340  | 1,805,307  | 6,904,647  |   |
| "   | Coral Harbour, N.W.T.....   | 4,287,952  | 1,680,497  | 5,968,449  |   |
| "   | Profisher Bay, Man.....     | 5,379,084  | 2,205,747  | 7,584,841  |   |
| McKenzie River Route.                                       | Hay River, N.W.T.....       | 53,577     | 111,893    | 165,470    |   |
| "   | Fort Providence, N.W.T..... | 71,902     | 51,588     | 123,490    |   |
| "   | Fort Simpson, N.W.T.....    | 71,296     | 109,302    | 180,598    |   |
| "   | Wrigley, N.W.T.....         | 37,437     | 66,206     | 103,643    |   |
| "   | Fort Norman, N.W.T.....     |            | 2,094      | 2,094      |   |
| "   | Norman Wells, N.W.T.....    | 179,527    | 161,460    | 340,987    |   |
| "   | Aklavik, N.W.T.....         |            | 33,648     | 33,648     |   |
| "   | Cape Ray, Nfld.....         |            | 361,402    | 361,402    |   |
| Miscellaneous not Assigned to Specific Airway of Air Route. | Summerside, P.E.I.....      | 22,440     | 38,020     | 60,460     |   |
| "   | Cape North, N.S.....        |            | 253,047    | 253,047    |   |
| "   | Maitland, N.S.....          | 1,800,667  | 916,434    | 2,717,101  |   |
| "   | New Glasgow, N.S.....       | 213,351    | 2,288      | 215,639    |   |
| "   | New Waterford, N.S.....     |            | 104,278    | 104,278    |   |
| "   | Chatham, N.B.....           | 1,092,764  | 758,216    | 1,850,980  |   |
| "   | Fredericton, N.B.....       |            | 76,767     | 76,767     |   |
| "   | Saint John, N.B.....        | 62,555     |            | 62,555     |   |
| "   | Cartierville, Que.....      | 1,414,366  |            | 1,414,366  |   |
| "   | Fort Chimo, Que.....        | 8,091,534  | 1,550,448  | 9,641,982  |   |
| "   | Hollinger, Que.....         | 149,604    |            | 149,604    |   |
| "   | Mingan, Que.....            | 3,525,409  | 544,755    | 4,070,164  |   |
| "   | Rimouski, Que.....          | 3,064      | 5,624      | 8,688      |   |

Leased to the Town of Rimouski, Oct. 1st, 1946.  
5 year term. Annual rental \$1.00.

|   |   |                      |           |           |           |  |
|---|---|----------------------|-----------|-----------|-----------|--|
| "   | " | Saguenay, Que.       | 1,277,592 | 2,032,846 | 3,310,438 | Leased to the City of St. Johns April 1st, 1943.   |
| "   | " | St. Johns, Que.      | 1,124,367 | 2,833,094 | 3,957,461 | 4 year term. Annual rental \$1.00.   |
| "   | " | Hamilton, Ont.       | 103,254   |           | 103,254   |  |
| "   | " | Mount Hope, Ont.     | 1,096,690 | 1,417,684 | 2,514,374 |  |
| "   | " | Oshawa, Ont.         | 549,341   | 634,178   | 1,183,519 | Leased to the City of Oshawa. Oct. 1st, 1946.  |
|   |   | Red Lake, Ontario.   | 596,359   |           | 596,359   | 5 year term. Annual rental \$1.00.   |
| Miscellaneous Establish-<br>ments Not assigned to<br>Specific Airway or Air<br>Route. |   |                      |           |           |           |  |
| "   | " | St. Catharines, Ont. | 436,539   | 431,674   | 868,213   | Leased to City of St. Catharines July 1st, 1947.   |
| "   | " | Toronto Island, Ont. | 1,221,980 |           | 1,221,980 | 5 year term. Annual rental \$1.00.   |
| "   | " | Davidson, Sask.      | 566,397   | 666,920   | 1,233,317 | Leased to the Rural Municipality of Arm River<br>June 1st, 1943. 5 year term. Annual rental<br>\$1.00. |
| "   | " | Estevan, Sask.       | 666,424   | 1,648,338 | 2,314,762 | Leased to Town of Estevan May 1st, 1946. 5 year<br>term. Annual rental \$1.00.                         |
| "   | " | Prince Albert, Sask. |           | 787,038   | 993,633   | Leased to City of Prince Albert April 1st, 1947.   |
| "   | " | Weyburn, Sask.       | 717,216   | 1,340,978 | 2,058,194 | 5 year term. Annual rental \$1.00. Subsidy<br>\$5,000.00.  |
| "   | " | Clareholm, Alta.     | 833,345   | 1,518,220 | 2,351,565 | Leased to Province Saskatchewan Jan. 1st,<br>1946. 5 year term. Annual rental \$1.00.                  |
| "   | " | High River, Alta.    | 511,114   | 665,225   | 1,176,339 |  |
| "   | " | Lac La Biche, Alta.  | 210,994   |           | 210,994   |  |
| "   | " | Namoo, Alta.         | 6,405,251 | 730,944   | 7,136,195 |  |
| "   | " | Peace River, Alta.   | 7,402     |           | 7,402     |  |
| "   | " | Abbotsford, B.C.     | 3,502,150 | 1,983,844 | 5,485,994 |  |
| "   | " | Boston Bar, B.C.     |           | 131,567   | 131,567   |  |
| "   | " | Kamloops, B.C.       | 718,465   | 129,008   | 847,473   | Leased to City of Kamloops March 1st, 1946. 5<br>year term. Annual rental \$1.00.                      |
| "   | " | Kitchener, B.C.      | 64,913    |           | 64,913    |  |
| "   | " | Langley, B.C.        | 77,986    |           | 77,986    | Leased to Township of Langley March 1st, 1946.   |
| "   | " | Midway, B.C.         | 23,572    |           | 23,572    | 20 year term. Annual rental \$1.00.  |
| "   | " | Mount Hays, B.C.     |           | 93,002    | 93,002    |  |
| "   | " | Oliver, B.C.         | 71,786    |           | 71,786    |  |
| "   | " | Salmo, B.C.          | 91,183    |           | 91,183    | Leased to Village of Salmo Nov. 15th, 1943. No<br>buildings included.                                  |
| "   | " | Smithers, B.C.       | 944,032   | 964,642   | 1,908,674 |  |
| "   | " | Terrace, B.C.        |           | 2,036,287 | 3,326,483 | Sold by Tender as Airfield no longer required.   |
| "   | " | Vanderhoof, B.C.     |           | 377,918   | 753,210   | Price received \$2,604.00. Purchasers L. C. and<br>W. Hucqabone. O.C. No. 4494 dated Oct. 5th<br>1948. |
| "   | " | Woodcock, B.C.       | 547,052   | 244,783   | 791,835   |  |
| "   | " | Yahk, B.C.           | 94,900    |           | 94,900    |  |
| "   | " | Pontiac, Que.        |           |           |           |  |

DEPARTMENT OF TRANSPORT—AIR SERVICES  
INDEX OF LEASED PROPERTY

| Lessee                                       | Location                   | Utilization   | Effective Date | Area           | Annual Rental<br>\$ cts. | Remarks |
|--|----------------------------|---|----------------|----------------|--------------------------|---------|
| Associated Custom Air Clearance Co. Ltd.     | Malton Airport.            | Office Space.   | July 18, 1949  | 328 sq. ft.    | 709 40                   |         |
| Atlas Aviation Ltd.                          | Ottawa Airport.            | Storage and Maintenance                                   | June 1, 1947   | .....          | 1,333 00                 | Cancell |
| Atlas Aviation Ltd.                          | Ottawa Airport.            | Housing Aircraft.   | Mar. 1, 1948   | 2,640 sq. ft.  | 1,267 20                 |         |
| Atlas Aviation Ltd.                          | Ottawa Airport.            | Workshop.   | Dec. 1, 1949   | 1,483 sq. ft.  | 781 00                   |         |
| Atlas Aviation Ltd.                          | Ottawa Airport.            | Office.   | April 1, 1947  | 4,376 sq. ft.  | 100 00                   |         |
| Austin Motor Co. of Canada Ltd.              | Penhold, Alta.             | Storage.  | May 1, 1950    | 15,000 sq. ft. | 3,600 00                 |         |
| The Babb Co. (Canada) Ltd.                   | Patricia Bay, B.C.         | Storage.  | Sept. 26, 1949 | 5.23 acres     | 150 00                   |         |
| The Babb Co. (Canada) Ltd.                   | Montreal, Que.             | Office.   | Jan. 1, 1947   | 1,368 sq. ft.  | 1,368 00                 |         |
| Aero Club of B.C.                            | Vancouver Airport.         | Flying School.  | July 1, 1946   | 4 bldgs.       | 1 00                     |         |
| Aircraft Service Western Ltd.                | Winnipeg Airport.          | Maintain Aircraft.  | Sept. 19, 1949 | 18,900 sq. ft. | 735 24                   |         |
| Aircraft Service Ltd.                        | Winnipeg Airport.          | Storage.  | May 1, 1949    | 1.35 acre      | 1,341 12                 |         |
| Airlines jointly (8 International Airlines). | Candler, Nfld.             | Office and Store Space.                                   | Jan. 1, 1950   | 59,950 sq. ft. | 31,011 96                |         |
| Allied Aviation Service Ltd.                 | Gander, Nfld.              | Office Space.   | Jan. 1, 1950   | 5,148 sq. ft.  | 7,722 00                 |         |
| American Air Lines Inc.                      | Malton Airport.            | Office Space.   | Jan. 9, 1949   | 1,630 sq. ft.  | 3,259 42                 |         |
| American Can Co.                             | St. John Airport, Que.     | Storage.  | Jan. 1, 1947   | 84,800 sq. ft. | 10,600 00                |         |
| American Overseas Airline.                   | Gander Airport.            | Storage and Office.                                       | Jan. 1, 1950   | 4,017 sq. ft.  | 6,025 56                 |         |
| Ancienne Lorette Airways.                    | Quebec Airport.            | Warehouse   | May 1, 1948    | 300 sq. ft.    | 108 00                   |         |
| Ancienne Lorette Airways.                    | Quebec Airport.            | Office Space.   | Sept. 1, 1948  | 292 sq. ft.    | 295 96                   |         |
| Aero Caterers Ltd.                           | Malton Airport.            | Restaurant, Quarters                                      | April 1, 1949  | 31,725 sq. ft. | 780 00                   |         |
| Aero Caterers Ltd.                           | Malton Airport.            | Restaurant and News Stand                                 | Nov. 1, 1949   | 3,206 sq. ft.  | 3,306 00                 |         |
| Aero Caterers Ltd.                           | Montreal Airport.          | Restaurant Soda Fountain                                  | June 15, 1947  | 1,200 sq. ft.  | 1,200 00                 |         |
| Aero Caterers Ltd.                           | Montreal (Dorval) Airport. | Restaurant, Lodging Quarters                              | April 1, 1949  | 81,362 sq. ft. | 6,000 00                 |         |
| Aero Caterers Ltd.                           | Montreal Airport.          | Restaurant, Soda Fountain                                 | Jan. 1, 1946   | 870 sq. ft.    | 1,072 50                 |         |
| Aero Caterers Ltd.                           | Montreal (Dorval), Que.    | Restaurant, Lodging Quarters                              | June 15, 1947  | 22,044 sq. ft. | 9,000 00                 |         |
| Aero Caterers Ltd.                           | Montreal (Dorval), Que.    | Coffee Shop   | Dec. 1, 1948   | 200 sq. ft.    | 630 00                   |         |
| Aero Caterers Ltd.                           | Sydney Airport.            | Restaurant and News Stand and for preparing flight meals. | Mar. 31, 1950  | 2,870 sq. ft.  | 2,859 92                 |         |
| Aero Caterers Ltd.                           | Toronto Airport.           | Living Quarters for Lessee's employees.                   | Jan. 1, 1947   | 20,000 sq. ft. | 469 92                   |         |
| Aero Caterers Ltd.                           | Calgary Airport.           | Office and Living Quarters.                               | Aug. 1, 1948   | 400 sq. ft.    | 60 00                    |         |
| E. L. Babine & J. K. Taylor.                 | Yarmouth, N.S.             | Workshop  | July 1, 1948   | 34,375 sq. ft. | 15 00                    |         |
| A. M. Berry & Co.                            | Fort Smith, N. W. T.       | Workshop  | Jan. 1, 1949   | 1,800 sq. ft.  | 100 00                   |         |
| Charles Berry                                | Montreal, Que.             | Storage.  | Oct. 1, 1948   | 368 sq. ft.    | 183 96                   |         |
| Boy Scouts Association                       | Victoria, B.C.             | Operations.   | Jan. 1, 1950   | .....          | 1 00                     |         |
| Brandon, City of Air Services                | Brandon, Man.              | Public Airport.   | Dec. 1, 1946   | 635.46 acres   | 1 00                     |         |
| Brandon Flying Club                          | Brandon, Man.              | For use of flying club.                                   | Jan. 1, 1949   | .....          | 1 00                     |         |
| "  | "                          | "   | "              | 4.54 acres     | 1 00                     |         |
| Brandon Airport, Man.                        | Brandon Airport, Man.      | "   | Dec. 1, 1946   | .....          | 1 00                     |         |



|                                      |                                 |   |               |                 |   |
|--------------------------------------|---------------------------------|---|---------------|-----------------|---|
| The Corp. of City of Brantford       | Brantford Aerodrome             | Public aerodrome                        | Oct. 1, 1947  | 547.62 acres    | 1 00  |
| Brant-Norfolk Aero Club              | Brantford Aerodrome             | For use of flying club                  | Aug. 1, 1947  | 5.35 acres      | 1 00  |
| British-American Oil Co. Ltd.        | Calgary Airport, Alta.          | Refuelling aircraft                     | Oct. 1, 1948  | 3,425 sq. ft.   | 50 00   |
| "                                    | Lethbridge Airport, Alta.       | "                                       | Sept. 1, 1948 | 352 sq. ft.     | 25 00   |
| "                                    | Toronto Airport, Ont.           | Housing aircraft                        | Nov. 4, 1948  | 131 acres       | 1,267 20  |
| "                                    | Mont Joli, Airport, P.Q.        | Refuelling aircraft                     | Jan. 1, 1948  | 2,025 sq. ft.   | 50 00   |
| "                                    | Pas Aerodrome, Man.             | Refuelling aircraft                     | Dec. 1, 1947  | 2,875 sq. ft.   | 10 00   |
| British Overseas Airways.            | Seven Islands Airport, P.Q.     | Storage and office                      | Oct. 1, 1947  | 7,800 sq. ft.   | 1,080 00  |
| British Overseas Airways.            | Montreal Airport, P.Q.          | Office                                  | April 1, 1949 | 43,531 sq. ft.  | 34,428 00                                       |
| British Yukon Navigation Co. Ltd.    | Gander Airport, Nfld.           | Refuelling aircraft                     | Jan. 1, 1950  | 3,577 sq. ft.   | 5,725 56  |
|                                      | Whitehorse Airport              |   | Nov. 1, 1947  | 2,000 sq. ft.   | 50 00   |
|                                      |                                 |   |               |                 | and 1c. gal. on gas and 5c. gal. on lubricants. |
| Can. Aeronautical Radio              | Montreal Airport, Que.          | Office                                  | Nov. 1, 1949  | 456 sq. ft.     | 456 00  |
| Can. Car & Foundry Co. Ltd.          | Cartierville Airport, Que.      | For building site                       | Feb. 1, 1949  | 5.5 acres       | 70 00   |
| Can. Aeromotive Ltd.                 | Cartierville Airport, Que.      | Office and Storage                      | April 3, 1948 | 11,250 sq. ft.  | 50 00   |
| Can. Aircraft Co.                    | Regina Airport, Sask.           | Housing Aircraft                        | Aug. 15, 1949 | 37,800 sq. ft.  | 921 60  |
| L. S. McKenna                        | "                               | Office                                  | Dec. 1, 1948  | 2,813 sq. ft.   | 648 00  |
| Can. Pacific Air Lines Ltd.          | Saskatoon Airport, Sask.        | "                                       | July 1, 1947  | 246 sq. ft.     | 246 00  |
| "                                    | "                               | "                                       | April 1, 1949 | 156 sq. ft.     | 56 16   |
| "                                    | "                               | "                                       | Dec. 1, 1948  | 10,000 sq. ft.  | 180 00  |
| Cannon Electric Co. Ltd.             | Saguenay Aerodrome, Que.        | Storage Office                          | Oct. 16, 1949 | 171 sq. ft.     | 256 56  |
| Central Aircraft Ltd.                | Montreal Airport, Ont.          | Office                                  | Aug. 1, 1947  | 1.8 acres       | 2,472 00  |
| Cannon Electric Co. Ltd.             | Malton Airport, Ont.            | Housing aircraft                        | Oct. 16, 1949 | 171 sq. ft.     | 256 56  |
| Central Aircraft Limited             | Malton Airport, Ont.            | Office                                  | Aug. 1, 1947  | 1.8 acres       | 2,472 00  |
| R. S. Chaulk                         | Gander Airport, Nfld.           | Storage                                 | Aug. 1, 1949  | 1,488 sq. ft.   | 600 00  |
| Colonial Airlines Inc.               | Ottawa Airport                  | Temp. passenger bldg.                   | Oct. 1, 1948  | 294 sq. ft.     | 294 00  |
| "                                    | Montreal Airport, Que.          | Office                                  | Jan. 25, 1950 | 336 sq. ft.     | 504 00  |
| "                                    | (Dorval) Montreal Airport, Que. | "                                       | July 1, 1948  | 663.5 sq. ft.   | 663 36  |
| Cox & Stevens Aircraft (Canada) Ltd. | Montreal Airport, Que.          | "                                       | Feb. 15, 1949 | 456 sq. ft.     | 684 00  |
| Cox & Stevens Aircraft (Canada) Ltd. | "                               | "                                       | Oct. 1, 1946  | 228 sq. ft.     | 228 00  |
| Curtiss-Reid Flying Service Ltd.     | Cartierville Airport            | "                                       | Feb. 1, 1949  | 3.43 acres.     | 40 00   |
| Canadian Pacific Airlines Ltd.       | Saguenay Airport, Que.          | Business of lessee                      | Jan. 1, 1949  | 1,080 sq. ft.   | 1,080 00  |
| "                                    | Saskatoon Airport, Sask.        | Storing materials                       | April 1, 1949 | 156 sq. ft.     | 56 16   |
| "                                    | Port Hardy Airport, B.C.        | Living Quarters for Lessee's Agent      | May 15, 1949  | 1,290 sq. ft.   | 360 00  |
| "                                    | The Pas Aerodrome, Man.         | Transmitters                            | May 1, 1948   | 256 sq. ft.     | 184 22  |
| "                                    | "                               | Staff residence and lessee's operations | May 15, 1948  | 7,000 sq. ft.   | 180 00  |
| "                                    | Regina Airport, Sask.           | For the lessee's operations             | July 1, 1948  | 813.6 sq. ft.   | 813 48  |
| "                                    | Seven Islands Aerodrome         | Office                                  | June 1, 1948  | 812 sq. ft.     | 632 40  |
| "                                    | Regina Airport, Sask.           | Office and storage                      | Oct. 1, 1948  | 1.8 acres       | 1,338 72  |
| "                                    | Quebec Airport                  | "                                       | Dec. 1, 1948  | 1,113.5 sq. ft. | 1,113 72  |
| "                                    | Montreal (Dorval) Airport, Que. | Housing aircraft and for Offices        | April 1, 1949 | 32,858 sq. ft.  | 18,714 00                                       |

## DEPARTMENT OF TRANSPORT—AIR SERVICES—Continued

## INDEX OF LEASED PROPERTY—Continued

| Lessee  | Location                                     | Utilization                             | Effective Date | Area             | Annual Rental | Remarks |
|---|--|---|----------------|------------------|---------------|---------|
| Canadian Pacific Airlines Ltd.                  | Montreal (Dorval) Airport,<br>Que.           | Office space                            | July 1, 1948   | 395.5 sq. ft.    | \$ 395 76     |         |
| "   | Prince George Airport, B.C.                  | " and crew accommo-<br>dation.          | Aug. 1, 1948   | 308 sq. ft.      | 308 50        |         |
| "   | Whitehorse Airport, Y.T.                     | Lessee's business and storage<br>space. | Oct. 1, 1948   | 1-15 acres.      | 1,800 00      |         |
| "   | Sandspit Airport, B.C.,<br>"The North Suite" | Lessee's staff members                  | Sept. 1, 1949  |                  | 360 00        |         |
| G. P. D'Aoust.                                  | Sioux Lookout Aerodrome,<br>Manitoba         | Barber Shop and Hairdressing.           | April 1, 1948  | 17,516 sq. ft.   | 50 00         |         |
| Dorosz Bros.                                    | Montreal Airport Que.                        | Storage.                                | April 15, 1950 | 475 sq. ft.      | 712 56        |         |
| A. J. Drinkell.                                 | Regina Airport Sask.                         | Restaurant and Hotel.                   | Feb. 1, 1949   | 2,268 sq. ft.    | 504 32        |         |
| A. J. Drinkell.                                 | Dog Creek Aero. B.C.                         | Hotel and Restaurant.                   | April 1, 1949  | 12,900 sq. ft.   | 220 60        |         |
| The T. Eaton Co. Ltd.                           | Gander Airport Nfld.                         | Mail Order Office.                      | April 1, 1947  | 27,900 sq. ft.   | 122 60        |         |
| T. Eaton Co. Ltd.                               | Malton Airport.                              | Office.                                 | June 15, 1948  | 13,328.0 sq. ft. | 1,839 96      |         |
| E. E. Ferguson.                                 | Mont Joli Aerodrome Que.                     | Hotel.                                  | May 1, 1948    | 2-8 acres        | 2,534 40      |         |
| R. E. Fortin.                                   | Quebec Airport.                              | Office.                                 | July 1, 1949   | 1-40 acres       | 4,440 00      |         |
| Gander Consumers Co-Opera-<br>tive Society Ltd. | Quebec Airport.                              | Office.                                 | May 11, 1948   | 337.35 sq. ft.   | 337 32        |         |
| W. Goddard.                                     | Gander Airport Nfld.                         | Retail Store.                           | Dec. 16, 1949  | 13,500 sq. ft.   | 552 00        |         |
| Goodyear Humber Stores Ltd.                     | Port Hardy Aerodrome.                        | Housing Family.                         | Nov. 1, 1948   | 22,500 sq. ft.   | 120 00        |         |
| Goodyear Humber Stores Ltd.                     | Gander Airport Nfld.                         | Office.                                 | April 1, 1946  | 2-19 acres       | 12,240 00     |         |
| R. Habel.                                       | Gander Airport Nfld.                         | Store Bldgs.                            | April 1, 1946  | 7,410 sq. ft.    | 200 00        |         |
| The Corp. of the City of<br>Halifax.            | Kaspuskasing Airport.                        | Office.                                 | April 1, 1948  | 285 sq. ft.      | 285 00        |         |
| Frank L. Hale.                                  | Dartmouth Airport.                           | Housing Aircraft.                       | Aug. 1, 1948   | 4-04 acres       | 990 00        |         |
| Hollinger—Ungava Transport<br>Co. Ltd.          | Port Hardy Aerodrome.                        | Office.                                 | Sept. 1, 1949  | 22,500 sq. ft.   | 360 00        |         |
| Hollinger—Ungava Transport<br>Co. Ltd.          | Port Hardy Aerodrome.                        | Housing Lessee's employees.             | Sept. 1, 1949  | 22,500 sq. ft.   | 300 00        |         |
| Hotz and Sons Ltd.                              | Mont Joli Airport.                           | Storage.                                | April 1, 1948  | 30,733 sq. ft.   | 10,526 88     |         |
| Vivian Howard Gifts Ltd.                        | Seven Islands Airport.                       | Office.                                 | Dec. 1, 1948   | 2,500 sq. ft.    | 10 00         |         |
| Hudsons Bay Co.                                 | Malton Airport.                              | Storage.                                | Mar. 1, 1947   | 621 sq. ft.      | 298 08        |         |
| Hudsons Bay Co.                                 | Toronto Airport.                             | Gift Shop.                              | Feb. 13, 1950  | 101 sq. ft.      | 151 56        |         |
| Intercity Airlines Co.                          | Goose Aerodrome Nfld.                        | Office.                                 | Nov. 1, 1949   | 1-28 acres       | 1,920 00      |         |
| Intercity Airlines Co.                          | Winnipeg Airport.                            | Storage of Aircraft.                    | Aug. 1, 1949   | 4,887 sq. ft.    | 2,245 76      |         |
| Inter Provincial Air Services<br>Ltd.           | Dorval Que.                                  | Office.                                 | May 1, 1948    | 209 sq. ft.      | 209 04        |         |
| Kramer Tractor Co. Ltd.                         | Montreal Que.                                | Workshop.                               | Oct. 1, 1949   | 192 sq. ft.      | 192 00        |         |
| John Labatt Ltd.                                | Windsor Airport Ont.                         | Site for Hangar.                        | Aug. 14, 1947  | 39,040 sq. ft.   | 100 00        |         |
|   | Regina Airport Sask.                         | Office.                                 | Aug. 15, 1949  | 16,800 sq. ft.   | 657 60        |         |
|   | London Airport.                              | Warehouse.                              | April 1, 1948  |                  | 8,601 60      |         |

| Labrador Mining & Exploration Co. Ltd. | Seven Island Aerodrome          | Office                    | Nov. 15, 1948  | 192 sq. ft.    | 192 00   |
|--|---------------------------------|---------------------------|----------------|----------------|----------|
| Labrador Mining & Exploration Co. Ltd. | Langley Airport                 | Public Airport            | Mar. 1, 1946   |                |          |
| Corp. Typ. of Langley                  | Cartierville Airport            | Storage                   | Jan. 1, 1950   | 2,500 sq. ft.  | 50 00    |
| Laurentide Aviation Ltd.               | Cartierville Airport            | Office                    | May 1, 1950    | 456 sq. ft.    | 164 16   |
| W. H. Lawrence                         | Lakehead Airport, Ont.          | Storage                   | Apr. 1, 1948   | 288 sq. ft.    | 72 00    |
| Leavens Bros. Air Services Ltd.        | London Airport, Ont.            | Office                    | May 19, 1947   | 1 acre         | 2,160 00 |
| Lep Transport Ltd.                     | Montreal Airport, Que.          | "                         | Nov. 1, 1946   | 200 sq. ft.    | 200 00   |
|  | Montreal (Dorval) Airport, Que. | "                         | Mar. 1, 1947   | 228 sq. ft.    | 228 00   |
| J. Armand Levesque                     | Seven Islands Airport, Que.     | Restaurant                | Dec. 15, 1948  | 95 sq. ft.     | 95 04    |
| Machearn and Bowness                   | Charlottetown Airport, P.E.I.   | Storage                   | Dec. 1, 1949   | 4,920 sq. ft.  | 1,180 80 |
| Maritime Central Airways Ltd.          | Charlottetown Airport, P.E.I.   | Use of Hanger 4           | July 1, 1947   | 2.58 acres     | 20 00    |
| Maritime Central Airways Ltd.          | Sydney Airport, N.S.            | Office                    | Dec. 15, 1947  | 147 sq. ft.    | 147 00   |
| Maritime Central Airways Ltd.          | Charlottetown Airport, P.E.I.   | "                         | June 1, 1948   | 289.8 sq. ft.  | 289 80   |
| Maritime Central Airways Ltd.          | Charlottetown Airport, P.E.I.   | "                         | Oct. 1, 1948   | 2.3 acres      | 1,242 96 |
| Maritime Central Airways Ltd.          | Sydney Airport, N.S.            | "                         | Sept. 1, 1949  | 401 sq. ft.    | 601 56   |
| Markmaster Can. Ltd.                   | Montreal (Dorval) Airport, Que. | "                         | Aug. 1, 1947   | 531 sq. ft.    | 531 96   |
| W. H. Mather c/o                       | Uplands Airport, Ottawa, Ont.   | Housing family            | Oct. 15, 1947  | 0.29 acres     | 240 00   |
| Montreal Flying Club                   | Cartierville Airport, Que.      | Office                    | Aug. 1, 1946   | 456 sq. ft.    | 164 16   |
| Murray Hill Taxi Ltd.                  | Montreal (Dorval) Que.          | "                         | Oct. 1, 1946   | 332 00         | 332 00   |
| Mrs. Amy M. McElphiney                 | London Airport, Ont.            | Canteen and lunch counter | Oct. 1, 1946   | 377 sq. ft.    | 377 00   |
| McGarrie, Frank                        | Montreal (Dorval) Que.          | Office                    | April 21, 1947 | 11,050 sq. ft. | 300 00   |
| Melnes Products Corp. Ltd.             | McMurray Airport, Alta.         | Bldgs.                    | Oct. 1, 1946   | 228 sq. ft.    | 228 00   |
| Compagnie Nationale Air France         | Gander Airport, Nfld.           | Office                    | Nov. 1, 1949   | 3,000 sq. ft.  | 25 00    |
| National Paving Co.                    | MacLeod Aerodrome, Alta.        | Bldg. 46 and storage      | Jan. 1, 1950   | 1,577 sq. ft.  | 2,365 56 |
| Newfoundland Airways Ltd.              | Gander Airport, Nfld.           | " 2-housing personnel     | Dec. 1, 1948   | 11 acres       | 60 00    |
| "                                      | "                               | 3-repair house            | July 1, 1949   | 38,400 sq. ft. | 150 00   |
| "                                      | Gander Airport, Nfld.           | Housing personnel         | Aug. 15, 1949  | 19,350 sq. ft. | 384 00   |
| Northeast Airlines Inc.                | "                               | Housing aircraft          | June 1, 1949   | 3.1 acres      | 1,920 00 |
| "                                      | Montreal Airport, Que.          | Workshop                  | Jan. 11, 1949  | 192 sq. ft.    | 192 00   |
| "                                      | "                               | Offices                   | July 1, 1949   | 300 sq. ft.    | 600 00   |
| "                                      | Montreal (Dorval) Airport, Que. | "                         | July 1, 1948   | 219 sq. ft.    | 252 00   |
| Northern Aircraft & Marine Service.    | North Bay Airport, Ont.         | Bldg.                     | July 1, 1948   | 0.03 acres     | 50 00    |



## DEPARTMENT OF TRANSPORT—AIR SERVICES—Continued

## INDEX OF LEASED PROPERTY—Continued

| Lessee                                    | Location                        | Utilization           | Effective Date | Area           | Annual Rental | Remarks |
|---|---------------------------------|-----------------------|----------------|----------------|---------------|---------|
| Northern Wings Ltd.                       | Seven Islands Airport, Que.     | Office.               | Nov. 15, 1946  | 573.12 sq. ft. | \$ 753 26     |         |
| " "                                       | " "                             | Housing.              | Sept. 1, 1948  | 4,500 sq. ft.  | 1,500 00      |         |
| " "                                       | " "                             | Building Site.        | July 1, 1949   | 1,250 sq. ft.  | 120 00        |         |
| O'Kanagan Air Services Ltd.               | Penticton, B.C.                 | Hangar Site.          | Dec. 1, 1947   | .37 acres      | 90 00         |         |
| J. A. Ormond                              | Vanderhoof Aerodrome, B.C.      | Housing.              | May 1, 1948    | 10,200 sq. ft. | 300 00        |         |
| Pan American Airways                      | Moncton, Airport.               | Office.               | June 1, 1948   | 342 sq. ft.    | 342 00        |         |
| " "World Inc.                             | Sydney Airport, N.S.            | Storage.              | April 1, 1948  | 1,347 sq. ft.  | 484 92        |         |
| " "                                       | " "                             | Office.               | Sept. 15, 1949 | 381 sq. ft.    | 57 56         |         |
| " "                                       | Gander Airport, Nfld.           | Dead storage.         | April 1, 1949  | 305 sq. ft.    | 109 80        |         |
| " "                                       | Whitehorse Aero. Y.T.           | Office.               | Jan. 1, 1950   | 2,067 sq. ft.  | 3, 100 56     |         |
| The Pas Airways                           | The Pas Aerodrome, Man.         | Office.               | Dec. 23, 1948  | 66 sq. ft.     | 3, 66 00      |         |
| " "                                       | " "                             | Residence.            | Nov. 1, 1947   | 7,000 sq. ft.  | 185 00        |         |
| G. M. Party                               | Montreal (Dorval).              | Storage and workshop. | June 1, 1948   | 1,000 sq. ft.  | 240 00        |         |
| " "                                       | Montreal, Que.                  | Office.               | Dec. 1, 1948   | 228 sq. ft.    | 342 00        |         |
| " "                                       | Montreal (Dorval) Airport, Que. | Office.               | Oct. 1, 1946   | 180 sq. ft.    | 180 00        |         |
| Prairie Flying Service                    | Regina Airport, Sask.           | Office.               | May 1, 1950    | 529 sq. ft.    | 338 64        |         |
| Quebec North Shore & Labrador Railway Co. | Seven Islands Airport, Que.     | Office.               | June 1, 1948   | 2,512 sq. ft.  | 1,205 36      |         |
| " "                                       | " "                             | Quonset bldg.         | Sept. 1, 1948  | 10,000 sq. ft. | 10 00         |         |
| H. Rader                                  | Patricia Bay Airport, B.C.      | Bldg. Site.           | Sept. 1, 1948  | 10,000 sq. ft. | 10 00         |         |
| T. J. Raper                               | Mont Joli Aero., Que.           | Workshop.             | Oct. 1, 1948   | 198.5 sq. ft.  | 198 60        |         |
| Rimouski Airlines Ltd.                    | Montreal Airport, Que.          | Storage.              | Aug. 12, 1949  | 18,750 sq. ft. | 153 12        |         |
| Rolls Royce Montreal Ltd.                 | Montreal Airport, Que.          | Housing Aircraft.     | May 6, 1949    | 2.4 acres      | 2,534 88      |         |
| Rootes Motors Limited                     | Montreal (Dorval) Airport, Que. | Office.               | June 15, 1948  | 25,705 sq. ft. | 4,431 96      |         |
| " "                                       | " "                             | Office.               | July 1, 1948   | 7,189 sq. ft.  | 7,189 00      |         |
| Rose Aero, Ltd.                           | Que.                            | Office.               | Oct. 1, 1949   | 192 sq. ft.    | 120 00        |         |
| " "                                       | " "                             | Housing aircraft.     | Aug. 16, 1948  | 33,520 sq. ft. | 16,240 00     |         |
| " "                                       | " "                             | Housing aircraft.     | Feb. 1, 1948   | 33,158 sq. ft. | 19,118 00     |         |
| " "                                       | " "                             | Office.               | Nov. 1, 1946   | 200 sq. ft.    | 200 00        |         |
| Rofax (Can.) Ltd.                         | Montreal Airport, Que.          | Storage.              | Mar. 1, 1949   | 1,685 sq. ft.  | 1,695 04      |         |
| Frank H. Rousseau                         | Montreal Airport, Nfld.         | Workshop.             | Feb. 18, 1949  | 209 sq. ft.    | 313 56        |         |
| K. L. M. Royal Dutch Airlines             | Gander Airport, Nfld.           | Office.               | Jan. 1, 1950   | 1,396 sq. ft.  | 2,094 00      |         |
| K. L. M. Royal Dutch Airlines             | Montreal Airport, Que.          | Office.               | May 25, 1949   | 931 sq. ft.    | 1,296 44      |         |
| Royal Bank of Canada                      | Montreal Airport, Nfld.         | Office.               | Jan. 10, 1949  | 900 sq. ft.    | 2,700 00      |         |
| Royal Bank of Canada                      | Montreal Airport, Que.          | Office.               | July 1, 1949   | 1,083 sq. ft.  | 1,083 00      |         |
| Scandinavian Airlines System Inc.         | Gander Airport, Nfld.           | Office.               | Jan. 1, 1950   | 1,942 sq. ft.  | 2,513 00      |         |

| Sharon Airways Ltd.         | North Battleford Airport,<br>Sask. | Office                           | Aug. 15, 1949  | 451 sq. ft.     | 288 24    |
|-----------------------------|------------------------------------|----------------------------------|----------------|-----------------|-----------|
| Pauls Flying Service        | Charlottetown Airport.             | Stock Room.                      | July 1, 1947   | 247 sq. ft.     | 59 28     |
| Pauls Flying Service        | Charlottetown Airport.             | Office.                          | July 1, 1947   | 70 sq. ft.      | 70 44     |
| Shell Oil Co. Can. Ltd.     | Moncton Airport, N.B.              | Office.                          | Oct. 15, 1947  | 105 sq. ft.     | 105 00    |
| Shell Oil Co. Can. Ltd.     | Windsor Airport, Ont.              | Storage.                         | June 21, 1948  | 3,600 sq. ft.   | 50 00     |
| Shell Oil Co. Can. Ltd.     | Sydney Airport, N.S.               | Storage.                         | April 1, 1949  | 286 sq. ft.     | 102 60    |
| Shell Oil Co. Can. Ltd.     | Sydney Airport, N.S.               | Storage.                         | April 1, 1948  | 177 sq. ft.     | 63 72     |
| Shell Oil Co. Can. Ltd.     | Saguenay Aerodrome, Que.           | Storage.                         | April 12, 1948 | 625 sq. ft.     | 50 00     |
| Shell Oil Co. Can. Ltd.     | Patricia Bay Aerodrome,<br>B.C.    | Storage.                         | Jan. 1, 1949   | 1,800 sq. ft.   | 50 00     |
| Shell Oil Co. Can. Ltd.     | Montreal (Dorval) Airport,<br>Que. | Refuelling aircraft.             | Sept. 1, 1947  | .573 acre       | 50 00     |
| Shell Oil Co. Can. Ltd.     | Quebec Aerodrome                   | Storage.                         | Dec. 1, 1947   | 3,713 sq. ft.   | 100 00    |
| Shell Oil Co. Can. Ltd.     | Sydney Airport, N.S.               | Storage.                         | Jan. 1, 1948   | .5 acre         | 400 00    |
| Mrs. S. T. E. Sheridan      | Quebec Airport.                    | Lunch Counter.                   | July 1, 1947   | 360 00          | 360 00    |
| Robert Simpson Western Ltd. | Regina Airport, Sask.              | Storage.                         | Mar. 1, 1949   | 1,308 00        | 1,308 00  |
| Smithers Motors Ltd.        | Oliver Aerodrome, B.C.             | Refuelling aircraft.             | Sept. 1, 1948  | 5,000 sq. ft.   | 25 00     |
| Spartan Air Services Ltd.   | Ottawa Airport.                    | Housing aircraft.                | Dec. 1, 1947   | 2,640 sq. ft.   | 1,267 20  |
| Spartan Air Services Ltd.   | Ottawa Airport.                    | Workshop.                        | Dec. 1, 1949   | 988 sq. ft.     | 494 00    |
| Spartan Air Services Ltd.   | Ottawa Airport.                    | Office and Workshop.             | Dec. 1, 1947   | 266 sq. ft.     | 266 00    |
| Standard Oil Co. of B.C.    | Penticton Aerodrome.               | Storage.                         | Dec. 1, 1947   | 2,400 sq. ft.   | 50 00     |
| Standard Oil Co. of B.C.    | Prince George, B.C.                | Refuelling aircraft and Storage. | April 1, 1947  | 3,600 sq. ft.   | 50 00     |
| Standard Oil Co. of B.C.    | Princeton Aerodrome.               | Storage and refuelling aircraft. | Jan. 1, 1948   | 3,600 sq. ft.   | 50 00     |
| Standard Oil Co. of B.C.    | Vanderhoof Aerodrome.              | Storage and refuelling aircraft. | Feb. 1, 1948   | 3,600 sq. ft.   | 50 00     |
| Standard Oil Co. of B.C.    | Patricia Bay Aero. B.C.            | Storage and refuelling aircraft. | Nov. 15, 1948  | 1,800 sq. ft.   | 50 00     |
| Thode Bros. Ltd.            | Saskatoon Airport, Sask.           | Overhaul shop.                   | Dec. 1, 1948   | 1,554 sq. ft.   | 519 44    |
| Trans-Canada Airlines.      | Moncton Airport, N.B.              | Storage.                         | May 1, 1947    | 529 sq. ft.     | 190 44    |
| Trans-Canada Airlines.      | Yarmouth, N.S.                     | Workshop.                        | April 1, 1947  | 1,600.2 sq. ft. | 1,600 20  |
| Trans-Canada Airlines.      | Saskatoon Airport, Sask.           | Office.                          | July 1, 1947   | 314 sq. ft.     | 314 04    |
| Trans-Canada Airlines.      | Penfield Ridge Airport,<br>N.B.    | Office.                          | April 15, 1947 | 2,262 sq. ft.   | 1,079 04  |
| Trans-Canada Airlines.      | Lethbridge Airport, Alta.          | Acco. passengers.                | Jan. 1, 1948   | 1.01 acres      | 806 52    |
| Trans-Canada Airlines.      | Lethbridge Airport, Alta.          | Office.                          | Dec. 1, 1948   | 447 sq. ft.     | 447 00    |
| Trans-Canada Airlines.      | Torbay Airport, Nfld.              | Office.                          | April 1, 1949  | 1,188.1 sq. ft. | 1,188 48  |
| Trans-Canada Airlines.      | Vancouver Airport, B.C.            | Office.                          | April 27, 1948 | 1,981 sq. ft.   | 3,962 00  |
| Trans-Canada Airlines.      | Saanich, B.C.                      | Workshop and office.             | May 1, 1949    | 3,600 sq. ft.   | 77 64     |
| Trans-Canada Airlines.      | Patricia Bay Airport, B.C.         | Office.                          | June 1, 1949   | 1.28 acres      | 1,222 20  |
| Trans-Canada Airlines.      | Yorkton Airport, Sask.             | Office.                          | June 1, 1948   | 543.5 sq. ft.   | 114 00    |
| Trans-Canada Airlines.      | Toronto Airport, Ont.              | Office.                          | Nov. 1, 1949   | 2,794 sq. ft.   | 4,191 00  |
| Trans-Canada Airlines.      | Toronto Airport, Ont.              | Office.                          | Jan. 9, 1949   | 3,418 sq. ft.   | 6,835 92  |
| Trans-Canada Airlines.      | Saskatoon Airport, Sask.           | Office.                          | June 1, 1949   | 741 sq. ft.     | 266 76    |
| Trans-Canada Airlines.      | Regina Airport, Sask.              | Office.                          | July 1, 1948   | 874 sq. ft.     | 697 80    |
| Trans-Canada Airlines.      | Montreal Airport, Que.             | Office.                          | Dec. 11, 1948  | 1,344 sq. ft.   | 2,016 00  |
| Trans-Canada Airlines.      | Montreal Airport, Que.             | Office.                          | Nov. 1, 1949   | 27,200 sq. ft.  | 13,056 00 |
| Trans-Canada Airlines.      | Montreal Airport, Que.             | Storage.                         | July 1, 1948   | 8,978 sq. ft.   | 9,978 04  |

plus 1c. per gal.  
on gas and 5c.  
per gal. on oils.

DEPARTMENT OF TRANSPORT—AIR SERVICES—*Concluded*  
INDEX OF LEASED PROPERTY—*Concluded*

| Lessee   | Location                                 | Utilization                          | Effective Date | Area   | Annual Rental<br>\$ cts. | Remarks |
|--|--|--------------------------------------|----------------|--|--------------------------|---------|
| Trans-Canada Airlines.....                       | Sydney Airport, N.S.....                 | Office.....                          | April 1, 1946  | 665 sq. ft.  | 664 80                   |         |
| Trans-Canada Airlines.....                       | Sydney Airport, N.S.....                 | Storage.....                         | May 1, 1949    | 812 sq. ft.  | 292 32                   |         |
| Trans-Canada Airlines.....                       | Sydney Airport, N.S.....                 | Office.....                          | Sept. 1, 1949  | 2,650-45 sq. ft.                                     | 3,966 72                 |         |
| Trans-Canada Airlines.....                       | Montreal Airport, Que.....               | Bldgs.....                           | Jan. 3, 1948   | 4-48 acres   | 650 00                   |         |
| Trans-Canada Airlines.....                       | Swift Current Aerodrome,<br>Sask.....    | Office.....                          | Jan. 1, 1948   | 23,000 sq. ft.                                       | 277 20                   |         |
| Trans-Canada Airlines.....                       | Toronto (Malton) Airport.....            | Office.....                          | Jan. 1, 1948   | 3-2 acres  | 3,134 64                 |         |
| Trans-Canada Airlines.....                       | Vancouver Airport, B.C.....              | Bldg. site.....                      | Sept. 1, 1946  | 5-5 acres  | 1,650 00                 |         |
| Trans-Canada Airlines.....                       | St. James, Winnipeg, Airport<br>Man..... | Office.....                          | Jan. 1, 1948   | Bldgs. Nos. 13, 15,<br>16, 22, 33, and<br>Hangar B-1 | 3,672 00                 |         |
| Trans-Canada Airlines.....                       | Lethbridge Airport, Alta.....            | Office.....                          | Mar. 1, 1949   | 982-2 sq. ft.  | 1,964 40                 |         |
| Trans-Canada Airlines.....                       | London Airport, Ont.....                 | Office.....                          | Mar. 1, 1949   | 2-051 sq. ft.  | 2,051 04                 |         |
| Trans-Canada Airlines.....                       | Winnipeg Airport, Man.....               | Hangar and annex.....                | Oct. 1, 1945   | Hangar No. 2   | 13,320 00                |         |
| Trans-Canada Airlines.....                       | Sydney Airport, N.S.....                 | Passenger waiting room.....          | Dec. 16, 1946  | 34,000 sq. ft.                                       | 1,500 00                 |         |
| Transcontinental & Western<br>Air Inc.....       | Gander Airport, Nfld.....                | Office.....                          | Jan. 1, 1950   | 1,611 sq. ft.  | 2,416 56                 |         |
| United States of America.....                    | St. Johns Torbay Airport,<br>Nfld.....   | Storage and office and workshop..... | Nov. 1, 1946   | Hangar No. 4   | 19,519 20                |         |
| Westinghouse Airways Ltd.....                    | Patricia Bay Airport, B.C.....           | Office.....                          | April 1, 1949  | 337 sq. ft.  | 336 96                   |         |
| World Wide Aviation Agencies<br>& Sales Inc..... | Montreal (Dorval) Airport,<br>P.Q.....   | Office.....                          | Sept. 1, 1947  |  | 192 00                   |         |
| C. Ed. Wright.....                               | Lakehead Airport, Ont.....               | Maintaining portion of bldgs.....    | Oct. 1, 1949   | 7,680 sq. ft.  | 5 00                     |         |
| Yukon Airways Ltd.....                           | Whitehorse Airport, Y. T.....            | Storage.....                         | April 1, 1949  | 2,500 sq. ft.  | 50 00                    |         |



## DEPARTMENT OF TRANSPORT—WELLAND SHIP CANAL

## INDEX LEASED PROPERTY

| Lessee  | Location                               | Area           | Utilization                                  | Effective Date | Annual Rental<br>\$ cts. | Appraised Value | Remarks |
|---|--|----------------|--|----------------|--------------------------|-----------------|---------|
| Aiken, Innes & McLachlan.....                   | Lot 8, Tp. Lincoln.....                | 7.6 acres      | .....  | Dec. 31, 1929  | 68 40                    |                 |         |
| Atlas Steels Ltd.....                           | Near Welland.....                      | .....          | 36 dia. pipe and draw 20 cfs. water          | Nov. 13, 1942  | 3,050 00                 |                 |         |
| Addarin, Angelo.....                            | N. of Rameys Bend Stone Crushing Plant | 1.96 acres     | Stone Crushing Plant.                        | Apr. 28, 1943  | 10 00                    |                 |         |
| Armstrong, Howard.....                          | Humberstone.....                       | 200 sq. ft.    | Refreshment Booth.....                       | July 22, 1949  | 200 00                   |                 |         |
| Alliance Paper Mills Ltd.                       | Near Lock 4.....                       | 2.27 acres     | To draw water.....                           | Aug. 26, 1959  | 5,475 00                 |                 |         |
| Beaver Wood Fibre Co.                           | Lot 48, Tp. Thorold.....               | 0.574 acre     | .....  | Nov. 8, 1923   | 1,860 00                 |                 |         |
| Beaver Wood Fibre Co. Ltd.                      | East bank below Br. 10                 | 63,180 sq. ft. | 24" pipe and use 4,320,000 gallons of water. | Oct. 25, 1932  | 1,400 00                 |                 |         |
| Beaver Wood Fibre Co. Ltd.                      | Humberstone.....                       | 6,500 sq. ft.  | Warehouse site.....                          | June 9, 1936   | 200 00                   |                 |         |
| British American Oil Co.                        | West side Canal, Humberstone           | 6,241 sq. ft.  | Lumber Yard.....                             | Aug. 16, 1938  | 32 50                    |                 |         |
| Beaver Lumber Co. Ltd.                          | Humberstone                            | 19,870 sq. ft. | Gravel Storage.....                          | July 3, 1941   | 100 00                   |                 |         |
| Boccabella, F. B. & A. Boyle, F. O. & Sons..... | E. side canal above Br. 14             | 43,915 sq. ft. | .....  | Sept. 17, 1941 | 99 35                    |                 |         |
| Boccabella, A. & B.....                         | Near Rameys Bend.....                  | 80,000 sq. ft. | To take stone.....                           | Jan. 9, 1942   | 131 75                   |                 |         |
| Bell, Grant E.....                              | Port Colborne.....                     | 25,000 sq. ft. | .....  | Feb. 4, 1944   | 10 00                    |                 |         |
| Beaver Lumber Co. Ltd.                          | Village of Humberstone.                | 22,260 sq. ft. | Lumber Yard.....                             | Oct. 30, 1944  | 125 00                   |                 |         |
| Beam, Anson.....                                | near Br. 20, Pt Colborne               | 4,000 sq. ft.  | .....  | May 31, 1945   | 113 30                   |                 |         |
| Beaver Lumber Co. Ltd.                          | Port Colborne.....                     | 1.45 acres     | .....  | Jan. 5, 1946   | 20 00                    |                 |         |
| Berry, George.....                              | W. Lock 7, Thorold.....                | 117 sq. ft.    | Vendor's Booth.....                          | May 22, 1945   | 640 00                   |                 |         |
| Bermingham, Cornelius J.                        | Port Colborne.....                     | 8,432 sq. ft.  | storing gear and supplies                    | July 21, 1947  | 50 00                    |                 |         |
| Beam Building & Supply Co.                      | Port Colborne.....                     | 49,065 sq. ft. | for storage.....                             | Oct. 12, 1948  | 50 00                    |                 |         |
| Canada Cement Co.....                           | Humberstone.....                       | 2.34 acres     | .....  | Feb. 3, 1949   | 490 00                   |                 |         |
| Clemens & Miller Commonwealth Elec. Corp. Ltd.  | Welland.....                           | 32,400 sq. ft. | .....  | Sept. 7, 1932  | 612 00                   |                 |         |
| Canada Furnace Co. Ltd.                         | E. side Pt. Colborne Hbr.              | 53.41 acres    | Railway siding.....                          | Aug. 3, 1934   | 191 40                   |                 |         |
|   |  |                | .....  | Jan. 19, 1935  | 20 00                    |                 |         |
|   |  |                | .....  | Dec. 31, 1935  | 3,332 34                 |                 |         |

DEPARTMENT OF TRANSPORT—WELLAND SHIP CANAL—Continued  
INDEX LEASED PROPERTY—Continued

| Lessee                     | Location                            | Area                       | Utilization                   | Effective Date | Annual Rental<br>\$ cts. | Appraised Value | Remarks  |
|----------------------------|-------------------------------------|----------------------------|-------------------------------|----------------|--------------------------|-----------------|--|
| Cameron, Wm. R.....        | E. Side Welland Harbour.            | 30,000 sq. ft.             | Coal Storage.....             | Oct. 4, 1939   | 150 00                   |                 |  |
| Can. Steamship Lines Ltd.  | Homer.....                          | 16,836 sq. ft.             |                               | July 4, 1942   | 5,340 00                 |                 |  |
| Cameron & Phin.....        | near Welland Centre Dock            | 18,395 sq. ft.             | Storage etc.....              | Jan. 8, 1943   | 91 97                    |                 |  |
| Clemens J. W. & W. Miller  | near Br. 14—Welland Centre Dock     | 94,500 sq. ft.             |                               | Feb. 26, 1943  | 472 50                   |                 |  |
| Canada Packers Ltd....     | on west bank.....                   |                            | for roadway near Br. 18       | Mar. 24, 1944  | 10 00                    |                 |  |
| Cameron, W. R.....         | Port Weller.....                    | 24,000 sq. ft.             | and coal dock.....            | Nov. 20, 1946  | 400 00                   |                 |  |
| Calaguiro Bros.....        | at Beaver Bd. Dock                  | 21,450 sq. ft.             |                               | Oct. 8, 1946   | 107 25                   |                 |  |
| Can. Cement Co. Ltd..      | W. side Canal, Tp. Humberstone.     | 86.4 acres                 |                               | June 8, 1948   | 10 00                    |                 |  |
| Century Coal Co. Ltd..     | Humberstone.....                    | 6.28 acres                 | coal dump and railway siding. | Aug. 14, 1948  | 1,375 00                 |                 |  |
| Can. Cement Co. Ltd..      | Port Colborne.....                  | 228,100 sq. ft.            | storing and loading.....      | Oct. 28, 1948  | 2,281 00                 |                 |  |
| Dwor Metal Co.....         | E. side Canal, Pt. Colborne.        | 0.92 acre                  |                               | Feb. 8, 1937   | 10 00                    |                 |  |
| Dwor Metal Co.....         | E. side Pt. Colborne Hbr.           | 29,664 sq. ft.             |                               | Aug. 11, 1938  | 148 07                   |                 | Sold June 10, 1948—\$562.50—O.C. 2194 May 18, 1948.              |
| *R. E. Bateman.....        | Lot 214, Twp. Thorold               | 4.49 acres                 | Home site.....                |                |                          |                 | Sold Feb. 25, 1949—\$2,500.00—O.C. 594 Feb. 8, 1949.             |
| *Bell, Grant E.....        | Port Colborne.....                  | 14,400 sq. ft.             | Warehouse.....                |                |                          |                 | Sold by tender Dec. 8, 1949—\$2,000.00 O.C. 5,400 Oct. 25, 1949. |
| *Cross, D. B. & H. J..     | Lot 28, Port Colborne               |                            |                               |                |                          |                 |  |
| Dawson, Mrs. D. M.....     | near Br. No. 11.....                | 0.84 acre                  | refreshment booth site        | May 23, 1940   | 21 00                    |                 |  |
| Diffin Const'n and Supply. | near Welland centre Dock.           | 36,900 and 141,480 sq. ft. |                               | Oct. 28, 1942  | 891 90                   |                 |  |
| Dougherty, John.....       | between Allenburg and Pt. Robinson. | 75 acres                   |                               | Aug. 30, 1944  | 60 00                    |                 |  |
| D'Amico, Tony.....         | Lot 25, Con. III, Humberstone.      | 80,000 sq. ft.             | Stone Crushing plant.....     | June 18, 1946  | 10,00                    |                 | plus 20 cents cu. yd. of stone.                                  |
| D'Amico, Tony et al..      | Lot 25, Con. III, Humberstone.      | 3.67 acres                 | taking stone.....             | May 4, 1948    | 20 00                    |                 |  |
| *Davis, James.....         | Twp. Thorold.....                   | 0.93 acre                  | farming.....                  |                |                          |                 | Sold Aug. 2, 1949—\$186.00—O.C. 3143 June 29, 1949.              |

|                                |                                   |        |                          |                                      |               |          |  |
|--------------------------------|-----------------------------------|--------|--------------------------|--------------------------------------|---------------|----------|--|
| Empire Hanna Coal Co.          | East Docking Pt. Weller Harbour.  | 92,460 | sq. ft.                  | handling coal etc.                   | Oct. 4, 1939  | 471 20   |  |
| Empire Hanna Coal Co.          | East side Pt. Weller Hbr.         | 3,000  | sq. ft.                  | for office building and weigh scales | Nov. 22, 1940 | 37 50    |  |
| Empire Hanna Coal Co.          | East side Pt. Weller Hbr.         | 6,700  | sq. ft.                  | handling and storing coal.           | Nov. 19, 1941 | 33 50    |  |
| Empire Hanna Coal Co.          | below Lock 1, Pt. Weller Harbour. | 228    | sq. ft.                  | handling and storing coal.           | Oct. 10, 1948 | 550 00   | Sold Aug. 6, 1948—\$143.00—O.C. 3227 July 20, 1948.              |
| *Easterbrook, Lola M.          | Lot 26, City Welland.             |        |                          |                                      |               |          | Sold April 9, 1948—\$1.00.                                       |
| Forbes Motors Limited          | Humbershire                       | 3,594  | sq. ft.                  | Storage                              | Aug. 30, 1949 | 35 00    | Sold Aug. 6, 1948—\$2,000.00—O.C. 3035 July 8, 1948.             |
| Griggs, T. J.                  | Town of Dunnville                 | 1,684  | sq. ft.                  | site for office buildings            | June 24, 1946 | 15 00    | Sold Oct. 4, 1948—\$1.00—O.C. 3984 Sept. 27, 1948.               |
| *Corp. twp. of Grantham.       | W. side ship canal—Lock 1.        | 2.68   | acres                    | road purposes                        |               |          | Sold by tender—\$2,000.00 Oct. 24, 1949—O.C. 4109 Aug. 17, 1949. |
| *Hyde Steel Products Ltd.      | Lot 7, Twp. Thorold.              | 3.26   | acres                    |                                      |               |          | Sold Aug. 5, 1948—\$1.00.  |
| *H.E.P.C. Ont.                 | Lot 50, Twp. Thorold.             | 2.639  | acres                    |                                      |               |          | Sold July 14, 1949—\$1,600.00—O.C. 3075, June 16, 1949.          |
| *Murray, John Gilbert          | Lot 27, Chapel St. Thorold.       | 8,547  | sq. ft. and frame house. |                                      |               |          |  |
| *Town of Port Colborne         | Port Colborne                     | 0.38   | acre                     |                                      |               |          |  |
| *Port Colborne, Corp.          | Lot 17 and 26 Pt. Colborne.       | 9,434  | sq. ft.                  |                                      |               |          |  |
| Hill, Barnett.                 | Twn. Welland near Br. 16          | 0.99   | ac.                      |                                      | Dec. 21, 1938 | 4 00     |  |
| H.E.P.C. Ontario               | near Thorold Dock.                | 17,852 | sq. ft.                  |                                      | Jan. 31, 1950 | 100 00   |  |
| Heysel, Jas.                   | lots 48 and 50                    | 0.40   | acre.                    |                                      | May 30, 1947  | 87 00    |  |
| Heysel, James.                 | Twp. Thorold.                     | 5.49   | acres.                   | Storage                              | July 14, 1949 | 60 00    |  |
| Heysel, James.                 | E. side Pt. Colborne              | 172    | acre                     | Storage                              | Oct. 20, 1949 | 37 50    |  |
| International Nickel Co.       | E. side Pt. Colborne Hbr.         |        |                          | Intake works and conduit             | Apr. 29, 1936 | 459 67   |  |
| International Nickel Co.       | E. side Pt. Colborne Hbr.         | 29,120 | sq. ft.                  |                                      | Dec. 6, 1939  | 179 72   |  |
| Imperial Oil Ltd.              | West Docking, Pt. Colborne        | 23,170 | sq. ft.                  |                                      | Oct. 18, 1940 |          |  |
| Industrial Docks and Supplies. | Thorold turning basin             | 15     | acres                    |                                      | Oct. 11, 1940 | 1,400 00 |  |
| Kennedy, Stan.                 | W. Lock 8, Humberstone            | 11,250 | sq. ft.                  |                                      | Oct. 19, 1937 | 56 25    |  |
| Kells, Clarence R.             | E. side Seeley St. Welland        | 4,140  | sq. ft.                  |                                      | Feb. 13, 1940 | 18 84    |  |
| Knoll Shoes Ltd.               |                                   | 4,000  | sq. ft.                  | for bldg. and septic tank            | Feb. 12, 1942 | 20 00    |  |
| Pittsburg Coal Co.             | Port Weller.                      | 1.7    | acres                    |                                      | Feb. 16, 1934 | 630 00   |  |
| Lanham Coal Co. Ltd.           | Port Colborne.                    | 19,050 | sq. ft.                  |                                      | Mar. 24, 1932 | 114 30   |  |
| Lahey, Geo. R.                 | S. side Main St. Welland          | 325    | sq. ft.                  | for building                         | Jan. 5, 1937  | 25 00    |  |
| Lanham Coal Co. Ltd.           | E. Docking, Pt. Colborne          | 21,600 | sq. ft.                  |                                      | Nov. 21, 1938 | 129 60   |  |



## DEPARTMENT OF TRANSPORT—WELLAND SHIP CANAL—Concluded

## INDEX LEASED PROPERTY—Concluded

| Lessee                                  | Location                   | Area                      | Utilization                                    | Effective Date | Annual Rental<br>\$ cts. | Appraised Value | Remarks |
|---|----------------------------|---------------------------|--|----------------|--------------------------|-----------------|---------|
| Law R. E. Crushed Stone Co.             | Village Humberstone.       | 0.46 acre                 | Storage ground.....                            | Dec. 19, 1940  | 100 00                   |                 |         |
| Laman Coal Co. Ltd....                  | E. Docking, Pt. Colborne   | 2,564 sq. ft.             | transshipment purposes                         | May 1, 1941    | 12 82                    |                 |         |
| Maple Leaf Milling Co....               | Twp. Crowland, Welland     | 0.12 acre                 | .....  | Apr. 26, 1937  | 50 00                    |                 |         |
| Mulholland, Geo.....                    | Port Robinson.....         | 5.6 acres                 | .....  | Oct. 1, 1938   | 10 00                    |                 |         |
| Mixed Concrete Supply Ltd.              | E. side Humberstone.       | 41,012 sq. ft.            | .....  | Mar. 6, 1942   | 205 06                   |                 |         |
| Magee, Chas and Sons....                | at Ramey's Bend.....       | 3.30 acres                | to lay railway tracks.                         | Oct. 6, 1948   | 720 00                   |                 |         |
| Maple Leaf Milling Co.                  | Pt. Colborne Harbour       | 4 parcels                 | railway tracks.....                            | Aug. 30, 1949  | 382 00                   |                 |         |
| Niagara, St. Catharines and Toronto Co. | Near Lock 7.....           | .....                     | for spur line.....                             | Mar. 22, 1937  | 100 00                   |                 |         |
| Newman, A. & Co.....                    | Pt. Weller Yd.....         | .....                     | to store locomotive crane and light locomotive | Feb. 14, 1939  | 50 00                    |                 |         |
| Industrial Docks & Supplies Ltd.        | Thorold turning basin      | 148,304 sq. ft.           | .....  | Oct. 9, 1940   | 370 76                   |                 |         |
| Industrial Docks & Supplies Ltd.        | Thorold turning basin      | 167,232 sq. ft.           | .....  | Oct. 11, 1940  | 65 70                    |                 |         |
| Niagara District Warehouse & Fwd. Co.   | at Thorold Dock.....       | 22,434 sq. ft.            | .....  | Feb. 14, 1942  | 134 60                   |                 |         |
| Ontario Paper Co.....                   | Lots 28 and 29, Thorold    | 4.55 acres                | .....  | May 25, 1927   | 2,210 00                 |                 |         |
| Ontario Paper Co.....                   | near guard gate.....       | 1.4 acres and 280 sq. ft. | .....  | Mar. 26, 1928  | 150 00                   |                 |         |
| Ontario Paper Co.....                   | Twp. Thorold.....          | 1.54 acres                | .....  | Sept. 28, 1931 | 89 16                    |                 |         |
| Ontario Paper Co.....                   | Thorold turning basin      | 83,241 sq. ft.            | .....  | Sept. 19, 1940 | 208 10                   |                 |         |
| Ontario Paper Co.....                   | E. side guard gate.....    | 0.73 acre                 | parking lot.....                               | Dec. 9, 1947   | 80 00                    |                 |         |
| Pirson, John.....                       | North of Humberstone       | 0.57 acre                 | .....  | Sept. 11, 1933 | 10 00                    |                 |         |
| Pt. Colborne Iron Works                 | North of Humberstone       | 4.1 acres                 | .....  | Oct. 28, 1942  | 1,095 00                 |                 |         |
| Pt. Colborne Iron Works                 | North of Humberstone       | 54,770 sq. ft.            | right of way purposes                          | Oct. 28, 1942  | 20 00                    |                 |         |
| Pt. Colborne Iron Works                 | Humbersone.....            | 0.91 acre                 | .....  | Oct. 23, 1945  | 273 85                   |                 |         |
| Penniman, Frank.....                    | Thorold.....               | 10.78 acres               | .....  | June 26, 1946  | 40 00                    |                 |         |
| Port Weller Dry Docks Ltd.              | .....                      | .....                     | .....  | July 30, 1946  | 30,000 00                |                 |         |
| Paterson Steamships Ltd.                | Ft. Erie St., Pt. Colborne | 1,320 sq. ft.             | stowage of ships gear.                         | Sept. 29, 1948 | 10 00                    |                 |         |
| Repar, Ignac.....                       | near Humberstone.....      | 14,000 sq. ft.            | Crusher Plant site.....                        | Mar. 11, 1937  | 10 00                    |                 |         |

| Humberstone Flour Mills.              | W. bank-Humberstone                            | 3.08 acres     |   | Dec. 1, 1939   | 5,135 00  |
|---------------------------------------|--|----------------|---|----------------|-----------|
| Repar, Geo.                           | Humberstone                                    | 1.83 acre      | to remove stone                                   | Dec. 17, 1947  | 36 00     |
| Stewart & Welch                       | Twp. Humberstone                               | 3.62 acres     |   | July 8, 1930   | 81 90     |
| Somersville & Son                     | Welland—above Br. 14                           | 8,000 sq. ft.  |   | Nov. 27, 1937  | 40 00     |
| Sherk, H. E.                          | E. Docking—Pt. Colborne                        | 2,994 sq. ft.  | coal and coke transshipment.                      | May 27, 1941   | 14 97     |
| Somersville, Mary Ethel               | near Br. 14, Welland                           | 21,600 sq. ft. |   | Nov. 19, 1942  | 108 00    |
| Somersville, Chas. Ross               | W. side canal—Welland                          | 0.14 acre      |   | June 30, 1948  | 90 00     |
| Toronto & Niagara Power.              | near Allenburg                                 | 2 parcels      |   | Apr. 21, 1906  | 100 00    |
| Taylor, Art.                          | W. side Lock 1                                 | 117 sq. ft.    | vendor's booth                                    | Dec. 29, 1938  |           |
| National Trust Co. Ltd.               | vicinity of Welland                            | 3.37 acres     |   | Aug. 31, 1934  | 711 00    |
| Viau, J. P.                           | Con. 6, Twp. Crowland                          | 0.41 acre      |   | Sept. 18, 1929 | 12 30     |
| Valley Camp Coal Co.                  | Port Colborne                                  | 0.35 acre      |   | Apr. 22, 1931  | 91 87     |
| Valley Camp Coal Co.                  | W. docking—Pt. Colborne                        | 1.5 acre       |   | Apr. 9, 1946   | 280 00    |
| Walker Bros.                          | Lot 48, E. Beaver Board Dock.                  | 10,500 sq. ft. |   | Feb. 14, 1939  | 52 50     |
| Copr. County of Welland.              | Twp. Thorold, Lot 203                          | 1.16 acre      | roadway purposes                                  | July 7, 1948   |           |
| D Amico Rocco                         | Lot 27, Twp. Crowland.                         | 1.9 acre       |   | June 22, 1931  | 57 00     |
| H.E.P.C. Ont.                         | at Decew Falls.                                |                | draw 1,100 c.f.s. sur-plus water for power house. | Apr. 26, 1937  | 82,500 00 |
| International Nickel Co.              | Port Colborne                                  |                |   | May 23, 1917   | 200 00    |
| Maple Leaf Milling Co.                | W. pier, Pt. Colborne Hbr.                     | 6.5 acres      | 6" pipe line.                                     | Oct. 15, 1934  | 6,753 00  |
| Maple Leaf Milling Co.                | Niagara District Warehouse & Fwd. Co.          |                | use elevator tracks                               | Nov. 23, 1934  | 417 00    |
| Niagara District Warehouse & Fwd. Co. | Near Br. 8, Thorold                            |                | construct rly. spur                               | Aug. 28, 1941  | 137 50    |
| Niagara District Warehouse & Fwd. Co. | below gd. gate Lock 7.                         | 0.55 acre      |   | Nov. 18, 1947  | 120 00    |
| Niagara District Warehouse & Fwd. Co. | south end Thorold Dock.                        | 0.188 acre     | for warehouse                                     | Nov. 18, 1947  | 41 00     |
| Ontario Paper Co.                     | Twp. Thorold                                   |                | build and maintain pile dock.                     | May 1, 1938    | 100 00    |
| Ogilvie Flour Mills Co.               | East side Welland Canal at Ramey's Bend Wharf. | 1.97 acre      |   | Apr. 1, 1947   | 4,200 00  |
| Page Hersey Tubes Ltd.                | Welland South                                  |                | draw 2,800 g.p.m.                                 | Aug. 1, 1941   | 1,125 00  |
| Std. Steel Const'n Ltd.               | Port Robinson                                  |                | pump house and 4" pipe.                           | Jan. 1, 1913   | 60 00     |
| Valley Camp Coal Co.                  | W. Docking, Pt. Colborne                       | 3.09 acres     |   | July 1, 1938   | 901 36    |
| Valley Camp Coal Co.                  | W. Pier, Port Colborne                         | 2.89 acres     |   | Jan. 1, 1949   | 630 00    |

Sold July 7, 1938.

DEPARTMENT OF TRANSPORT—LACHINE CANAL  
INDEX OF LEASED PROPERTY

| Lessee                                  | Location                          | Area             | Utilization                                     | Effective Date | Annual Rental<br>\$ cts. | Appraised Value | Remarks |
|---|-----------------------------------|------------------|---|----------------|--------------------------|-----------------|---------|
| Can. Car & Foundry Co. Ltd.             | North Bank.....                   | 770 sq. ft.      |   | April 1, 1935  | 69 63                    |                 |         |
| Aubin, Gaston.....                      | Side Canal.....                   | 871 sq. ft.      | Refreshment booth.....                          | July 1, 1943   | 53 00                    |                 |         |
| Building Products Ltd.                  | in Ville LaSalle.....             | 7,720 sq. ft.    |   | June 1, 1928   | 193 00                   |                 |         |
| Cities Oil Co.....                      | N. side Ville St. Pierre.....     | 5,000 sq. ft.    |   | Mar. 1, 1930   | 112 50                   |                 |         |
| Buckler Scrap Metal Co.                 | S. bank opp. Grier Basin.....     | 6,750 sq. ft.    |   | Oct. 1, 1939   | 337 50                   |                 |         |
| Bay Quinte Transp'n Co.                 | Western side Basin No. 3.....     | 12,703 sq. ft.   | Flour Shed No. 2.....                           | May 1, 1942    | 1,382 62                 |                 |         |
| Building Products Ltd.                  | S. bank Ville LaSalle.....        | 450 sq. ft.      |   | June 1, 1945   | 953 60                   |                 |         |
| Building Products Ltd.                  | S. bank of Canal.....             |                  | Railway siding.....                             | Mar. 1, 1945   | 80 00                    |                 |         |
| Bnz, M. E. Co. Ltd.....                 | S. side canal N. by Cabot St..... | 2,400 sq. ft.    | Parking lot.....                                | Jan. 1, 1947   | 60 00                    |                 |         |
| Bancroft Industries Ltd.                | W. wide Mill St., Montreal.....   | 16,800 sq. ft.   |   | Nov. 22, 1946  | 1,050 00                 |                 |         |
| Bancroft Industries Ltd.                | W. side Mill St., Montreal.....   | 44,800 sq. ft.   |   | Nov. 22, 1946  | 2,000 00                 |                 |         |
| Bancroft Industries Ltd.                | E. side Mill St., Montreal.....   | 68,472.4 sq. ft. |   | Nov. 22, 1946  | 3,423 62                 |                 |         |
| Bancroft Industries Ltd.                | E. side Mill St., Montreal.....   | 25,698 sq. ft.   |   | Nov. 22, 1946  | 1,284 90                 |                 |         |
| Bonner Leather Ltd.                     | near Br. 7.....                   |                  | 1-6" supply and 1-8" return pipe.....           | Dec. 1, 1948   | 300 00                   |                 |         |
| Bonner Leather Ltd.                     | Lot 953.....                      |                  | Railway siding.....                             | Dec. 1, 1948   | 112 50                   |                 |         |
| Buckler Scrap Metal Co.                 | opposite Lot 2510.....            | 2,700 sq. ft.    | Storing scrap material.....                     | Oct. 1, 1949   | 135 00                   |                 |         |
| Brown, J. R.....                        | at Atwater Br. approach.....      | 743 sq. ft.      |   | Nov. 1, 1949   | 53 00                    |                 |         |
| Coldwater, Adolph.....                  | at Lachine.....                   | 1,046 sq. ft.    |   | Oct. 1, 1909   | 31 38                    |                 |         |
| Canada Car & Foundry Co.                | Canada Car & Foundry Co.          |                  | 16" pipe and draw water.....                    | April 1, 1905  | 780 00                   |                 |         |
| Canada & Dom. Sugar Co.                 | on south bank.....                | 2,400 sq. ft.    |   | Nov. 1, 1910   | 430 00                   |                 |         |
| Canadian Tube & Steel Products Limited. | above Cote St. Paul Bridge.....   |                  | 10" supply pipe and draw water.....             | April 1, 1913  | 550 00                   |                 |         |
| Canadian Tube & Steel Products Limited. | above Cote St. Paul Bridge.....   | 4,000 sq. ft.    |   | April 1, 1914  | 100 00                   |                 |         |
| Can. Allis-Chalmers Ltd.                | below Lks. 5.....                 |                  | Supply pipe and draw water, Lessee's plant..... | Jan. 1, 1913   | 975 00                   |                 |         |



|                                     |                                |        |         |  |               |          |
|-------------------------------------|--------------------------------|--------|---------|--|---------------|----------|
| Can. Cold Storage Co. Ltd.          |                                |        |         | 18" pipe and draw water Basin No. 2.   | May 1, 1921   | 360 00   |
| Can. Car & Foundry Co.              | below Rockfield Bas-cule.      |        |         | Supply pipe and draw water.            | May 1, 1922   | 780 00   |
| Dominique Voisano...                | S. bank Brewster Bridge.       | 5,440  | sq. ft. |  | July 1, 1923  | 272 00   |
| Can. Tube & Steel Products Ltd.     | S. bank above Cote St. Paul.   | 4,350  | sq. ft. |  | April 1, 1924 | 531 25   |
| Can. Steamship Lines Ltd.           | N. of N. Lock 1.               | 1,260  | sq. ft. |  | May 1, 1926   | 94 50    |
| Rochester & Pittsburg Coal Co. Ltd. | E. of Wellington Basin.        | 7,250  | sq. ft. |  | Oct. 1, 1926  | 362 50   |
| Roby's Products Ltd.                | above Cote St. Paul Bridge.    |        |         | 3" pipe and draw water.                | May 1, 1927   | 60 00    |
| Canada & Dom. Sugar Co.             | Montmorency St.                | 6,908  | sq. ft. |  | Jan. 1, 1929  | 431 75   |
| Consol. Oka Sand & Gravel.          | St. Gab. Basin No. 2.          | 11,125 | sq. ft. |  | Jan. 1, 1929  | 1,335 00 |
| Canada Car & Foundry Co.            | Montreal.                      | 19,430 | sq. ft. |  | Jan. 1, 1926  | 120 00   |
| Can. Steamship Lines Ltd.           | W. side Basin No. 1.           |        |         | 2 platforms.                           | Apr. 1, 1930  | 136 50   |
| Can. Bag Co. Ltd.                   | near Charlevoix St.            | 13,721 | sq. ft. |  | July 1, 1930  | 686 05   |
| Can. Malting Co. Ltd.               | St. Henri St.                  |        |         | 6" pipe and draw water.                | Mar. 1, 1931  | 235 00   |
| Canada & Dom. Sugar Co.             | below St. Gab. Lks.            | 3      | parcels |  | June 1, 1931  | 60 38    |
| Can. Car & Foundry Co. Ltd.         | Montreal.                      |        |         | Pipe and draw water.                   | May 1, 1933   | 10 00    |
| Consol. Oka Sand & Gravel.          |                                |        |         | 3" pipe and draw water St. Gab. Basin. | May 1, 1928   | 60 00    |
| Canada & Dom. Sugar Co.             | S. bank St. Gab. Lock          | 570    | sq. ft. |  | June 1, 1934  | 35 63    |
| Canada & Dom. Sugar Co.             |                                |        |         | Pipes and draw water.                  | May 1, 1934   | 2,027 50 |
| Can. Bag Co. Ltd.                   | S. side below Brewster Bridge. | 839    | sq. ft. |  | May 1, 1934   | 41 95    |
| Champlain Oil Products.             | W. side, N. Lock 2.            | 1,350  | sq. ft. |  | Apr. 1, 1930  | 281 25   |
| Can. Car & Foundry Co. Ltd.         | Town of St. Pierre aux Liens.  | 17,920 | sq. ft. |  | Mar. 1, 1935  | 755 50   |
| Canada Packers Ltd.                 | S. bank above Cote St. Paul.   | 625    | sq. ft. |  | Apr. 1, 1938  | 15 63    |
| Guy Tombs Limited.                  | Colborne.                      |        |         | Occupy shed and lay 1' water pipe.     | July 23, 1939 | 1,483 86 |
| Calvin Shipping Co. Ltd.            |                                |        |         | portion shed 1, basin                  | July 13, 1938 | 922 50   |
| Can. Car & Foundry Co.              | on North Bank                  | 1,840  | sq. ft. |  | Mar. 15, 1939 | 39 05    |

## DEPARTMENT OF TRANSPORT—LACHINE CANAL—Continued.

## INDEX OF LEASED PROPERTY—Continued

| Lessee                      | Location                                  | Area            | Utilization                | Effective Date | Annual Rental | Appraised Value | Remarks |
|-----------------------------|---|-----------------|----------------------------|----------------|---------------|-----------------|---------|
|                             |   |                 |                            |                | \$ cts.       |                 |         |
| Can. Oil Coy's Ltd.....     | S. end of Wellington Basin Park.          | 22,500 sq. ft.  |                            | Apr. 1, 1940   | 10 00         |                 |         |
| Can. Steamship Lines..      | N. E. side St. Gabriel Basin No. 3.       | 158,300 sq. ft. |                            | May 1, 1940    | 11,517 00     |                 |         |
| Can. Steamship Lines..      | St. Gabriel Basin                         | 96,555 sq. ft.  |                            | May 1, 1940    | 12,866 62     |                 |         |
| Can. Oil Co. Ltd.....       | W. Side Br. St. Gab. Sta.                 | 36,040 sq. ft.  |                            | May 1, 1942    | 2,162 40      |                 |         |
| Can. Car & Foundry Co. Ltd. | near St. Colomban St.                     | 15,291 sq. ft.  | for extension.....         | Apr. 1, 1942   | 955 69        |                 |         |
| Can. Car & Foundry Co. Ltd. | N. side canal.....                        | 325 sq. ft.     | Temporary storing plant.   | Sept. 1, 1943  | 4 06          |                 |         |
| Can. Car & Foundry Co. Ltd. | opposite St. Gabriel Basin.               |                 | 14" pipe—draw water        | May 1, 1945    | 360 00        |                 |         |
| Cape & Co., E.G.M....       | on Riverside St.....                      | 19,880 sq. ft.  |                            | Mar. 1, 1945   | 994 00        |                 |         |
| Canada S.S. Lines Ltd.      | St. Gabriel Basin 2                       | 158,000 sq. ft. | Storage space.....         | Sept. 1, 1944  | 11,850 00     |                 |         |
| Chartrand, Andre.....       | Cote St. Paul.....                        |                 | Restaurant.....            | Apr. 1, 1946   | 31 83         |                 |         |
| Can. Maltng Co. Ltd..       | below Cote St. Paul Lks.                  |                 | 16" pipe and 10" re- turn. | Apr. 1, 1947   | 497 50        |                 |         |
| Chester Lines Ltd.....      | St. Gabriel Basin.....                    | 14,560 sq. ft.  |                            | Nov. 1, 1947   | 910 00        |                 |         |
| Champlain Oil Pro- ducts.   | Wellington and Bridge St.                 | 4,635 sq. ft.   | Service Station.....       | Oct. 1, 1948   | 231 50        |                 |         |
| Consol. Oka Sand & Gravel.  | between St. Gab. Basins 3 and 4.          | 26,400 sq. ft.  |                            | Oct. 1, 1949   | 6,600 00      |                 |         |
| Dominion Bridge Co....      | below Lock 5.....                         |                 | Draw water—7" pipe.        | July 1, 1884   | 280 00        |                 |         |
| Dom. Barb Wire Co....       | below Lock 5.....                         |                 | Draw water—6" pipe.        | Sept. 1, 1885  | 210 00        |                 |         |
| Dom. Textile Co. Ltd..      | Cote St. Paul Locks.                      |                 | Draw water—18" pipe.       | May 1, 1900    | 1,710 00      |                 |         |
| Davies Ltd., The.....       | Oak St.....                               |                 | Draw water—8" pipe.        | May 1, 1909    | 360 00        |                 |         |
| Dom. Textile Co. Ltd..      | E. bank St. Paul Br. below Cote           | 3,745 sq. ft.   |                            | June 1, 1909   | 140 44        |                 |         |
| Dom. Textile Co. Ltd..      | above Cote St. Paul near Wellington Basin | 199,800 sq. ft. | Draw water—12" pipe.       | June 1, 1911   | 780 00        |                 |         |
| Dom. Steel Corp. Ltd..      | N. bank below Cote Paul Locks.            | 1,660 sq. ft.   |                            | Aug. 1, 1911   | 8,052 00      |                 |         |
| Dom. Flour Mills Ltd.       | near Basin St. Henri.                     | 1,750 sq. ft.   |                            | Feb. 1, 1913   | 62 25         |                 |         |
| Dom. Flour Mills Ltd.       | near Cote St. Paul Br.                    | 4,000 sq. ft.   |                            | April 1, 1919  | 65 63         |                 |         |
| Dom. Textile Co. Ltd.       | N. bank below Cote St. Paul.              | 450 sq. ft.     |                            | Sept. 1, 1919  | 100 00        |                 |         |
| Dom. Textile Co. Ltd..      | below Cote St. Paul Locks.                |                 |                            | April 1, 1922  | 16 88         |                 |         |
| Dom. Textile Co. Ltd..      | below Cote St. Paul.                      |                 | Draw water—supply pipe.    | May 1, 1923    | 180 00        |                 |         |

| Company                              | Location                           | Discharge pipe                | Capacity                  | Date           | Remarks  |
|--------------------------------------|------------------------------------|-------------------------------|---------------------------|----------------|----------|
| Dom. Textile Co. Ltd.                | above C.N.R. Bridge                |                               | 1,627 sq. ft.             | May 1, 1923    |          |
| Dom. Textile Co. Ltd.                | near Cote St. Paul Bridge          |                               | 1,350 sq. ft.             | May 1, 1926    |          |
| Champlain Oil Products.              | W. side, N. Lock 2... below Lock 5 |                               | 78,050 sq. ft.            | April 1, 1930  |          |
| Dom. Textile Co.                     | N. Bank                            | Draw water—6" pipe.           |                           | April 1, 1933  |          |
| Dom. Textile Co.                     | E. Cote St. Paul Br.               |                               | 6,400 sq. ft.             | May 1, 1935    | 2,051 25 |
| Dupuis, J. P. Ltd.                   | E. Cote St. Paul Br.               |                               | 22,235 sq. ft.            | May 1, 1941    | 100 00   |
| Daigle & Paul Ltd.                   | N. bank Lachine.                   |                               | 17,380 sq. ft.            | April 15, 1941 | 555 88   |
| Dom. Bridge Co.                      | N. bank Lachine.                   |                               | 22,860 sq. ft.            | Nov. 1, 1941   | 434 50   |
| Dom. Bridge Co.                      | near Lock 1.                       |                               | 4,026 sq. ft.             | Nov. 1, 1941   | 571 50   |
| Quebec United Coasters               | near Lock 1.                       |                               | 41,803.7 sq. ft.          | April 1, 1945  | 331 95   |
| Guaranty Trust.                      | E. side Basin 2.                   |                               | 21,375 sq. ft.            | May 1, 1944    | 534 28   |
| Dom. Bridge Co.                      | N. bank Lachine.                   |                               | 500 sq. ft.               | April 1, 1946  | 60 00    |
| Denaro Salvatore.                    | N. bank near St. Gab. Locks.       | Restaurant.                   |                           | Nov. 1, 1946   | 730 00   |
| Daigle Lumber Co.                    | near Charlevoix St. N. bank.       |                               | 14,550 sq. ft.            | Oct. 1, 1946   | 210 00   |
| Daigle & Paul Ltd.                   | S. bank opposite Monk Blvd.        |                               | 8,400 sq. ft.             | Mar. 15, 1947  | 92 50    |
| Daigle & Paul Ltd.                   | above Cote St. Paul Bridge.        | Storing lumber.               | 3,700 sq. ft.             | Nov. 1, 1947   | 30 00    |
| Dominion Coal Co.                    | near Koperly St.                   | Draw water by 3" hose         | 23,467 and                | June 1, 1949   | 1,375 00 |
| Esplin, Ltd., G. & J.                | St. Gabriel Basin No. 4.           | Lumber storage.               | 22,000 sq. ft.            |                | 1,500 00 |
| Esplin, Ltd., G. & J.                | St. Gabriel Basin No. 4.           |                               | 22,000 sq. ft.            | Aug. 1, 1944   | 30 00    |
| Fox, T. M.                           | above Cote St. Paul Bridge.        | 2" pipe and draw water        |                           | Jan. 1, 1907   | 30 00    |
| Foundation Co. of Can. Ltd.          | in Lachine.                        |                               | 1,200 sq. ft.             | Aug. 6, 1933   | 30 00    |
| H. Feldman Realty & Investment Corp. | E. side Mill Street                | for building site             | 7,919 sq. ft.             | Aug. 1, 1944   | 395 98   |
| Food Colours Ltd.                    | above Cote St. Paul Br.            | Railway siding.               | 5,773 sq. ft.             | Jan. 1, 1948   | 72 16    |
| Grier, G. A.                         | near Grier Basin                   |                               | 4,937 sq. ft.             | May 18, 1927   | 840 00   |
| Coldwater, Adolph.                   | N. bank, Town Lachine.             |                               | 1,046 sq. ft.             | Oct. 1, 1909   | 26 15    |
| Malinekrödt Chemical Works Limited.  | Montreal                           | pipe and draw water           |                           | Oct. 1, 1912   | 750 00   |
| Grier, G. A. & Sons Ltd.             | in part of lot 1013                | Loading and unloading vessels | 23,280 sq. ft.            | May 1, 1948    | 700 00   |
| Germain, L. D.                       | above C.N.R. Bridge.               | Building purposes             | 6,750 sq. ft.             | May 1, 1949    | 190 00   |
| Hodgson, John C. & Chas.             | S.E. side Wellington Basin.        | 10" pipe and draw water.      | 72,505 and 38,867 sq. ft. | Jan. 1, 1899   | 360 00   |
| Rochester & Pittsburg Coal Co.       | E. of C.N.R. Swing Bridge.         |                               | 4,800 sq. ft.             | June 1, 1907   | 6,960 75 |
| Herbert Lumber Reg'd.                |                                    |                               |                           | July 1, 1947   | 240 00   |



DEPARTMENT OF TRANSPORT-LACHINE CANAL-Continued  
INDEX OF LEASED PROPERTY-Continued

| Lessee                       | Location                            | Area                        | Utilization                     | Effective Date | Annual Rental | Appraised Value | Remarks |
|------------------------------|-------------------------------------|-----------------------------|---------------------------------|----------------|---------------|-----------------|---------|
| Can. Steamship Lines.....    | N. side Basin 1.....                | 34,802 sq. ft.              |                                 | July 1, 1908   | \$ 2,610 15   |                 |         |
| Can. Steamship Lines.....    | N. side N. Lock 1.....              | 9,510 sq. ft.               |                                 | May 1, 1911    | 713 25        |                 |         |
| Imperial Oil Ltd.....        | near C.N.R. Bridge.....             |                             | Oil and gas lines.....          | June 1, 1940   | 50 75         |                 |         |
| Imperial Oil Ltd.....        | E. bank above C.N.R. Bridge.....    | 1,840 sq. ft.               |                                 | Jan. 1, 1942   | 46 00         |                 |         |
| Can. Packing Co. Ltd.....    | Wellington Basin.....               |                             | 14" pipe and draw water.....    | July 1, 1901   | 1,050 00      |                 |         |
| Lalonde, Phil.....           | near Cote St. Paul Br. N. side..... | 16,500 sq. ft.              |                                 | Jan. 1, 1935   | 60 00         |                 |         |
| Levasseur, Roland.....       | above Lock 3.....                   |                             | Wood yard.....                  | April 1, 1946  | 602 80        |                 |         |
| Lahaye Inc.....              | E. side Mill St.....                | 33,880 sq. ft.              | Temp. bldg.....                 |                | 1,694 00      |                 |         |
| Gen. Soya Products.....      |                                     | 30,250 sq. ft.              | 2-14" and 1-20" pipe.....       | May 1, 1948    | 300 00        |                 |         |
| Montreal Gas Co.....         | Basin No. 1.....                    |                             | 4" pipe—draw water.....         | Dec. 1, 1892   | 100 00        |                 |         |
| Steel Co. of Canada.....     | below Brewster Br. Island 5.....    |                             |                                 | June 30, 1943  | 1837 00       |                 |         |
| Wilsil Limited.....          | Oak St.....                         |                             | Pipes and draw water.....       | June 1, 1902   | 360 00        |                 |         |
| Montreal L. H. & P. Co.....  | above Cote St. Paul Bridge.....     |                             | Pipe and draw water.....        | April 1, 1913  | 1,080 00      |                 |         |
| Montreal L. H. & P. Co.....  | above Cote St. Paul Bridge.....     |                             | Coal handling plant.....        | June 1, 1913   | 11 25         |                 |         |
| Montreal Tramways Co.....    | on North bank.....                  | 224,796 sq. ft.             |                                 | Mar. 1, 1917   | 3,016 38      |                 |         |
| Montreal L. H. & P. Co.....  | W. of Cote St. Paul Bridge.....     | 138-72 sq. ft.              |                                 | May 1, 1921    | 6 25          |                 |         |
| Steel Co. of Canada.....     | near Brewster Bridge.....           | var. parcels.               |                                 | May 1, 1922    | 1,313 25      |                 |         |
| Mount Royal Metal Co.....    | Oak and Mill Streets.....           | 315 sq. ft.                 |                                 | Aug. 1, 1927   | 15 75         |                 |         |
| Mount Royal Metal Co.....    | Oak and Mill Streets.....           | 5,400 sq. ft.               |                                 | Nov. 1, 1932   | 270 00        |                 |         |
| Montreal Coke & Mfg. Co..... | S. bank, Town Landing.....          | 700 sq. ft.                 |                                 | July 14, 1936  | 28 50         |                 |         |
| Montreal Tramways Co.....    | N. G. Ward.....                     | 6,672 sq. ft.               |                                 | June 1, 1931   | 83 40         |                 |         |
| Mount Royal Metal Co.....    | W. side Mill St.....                | 450 sq. ft.                 |                                 | Sept. 15, 1937 | 22 50         |                 |         |
| Maple Leaf Milling Co.....   | S. side Wellington Basin.....       | 41,910 sq. ft.              |                                 | Feb. 8, 1940   | 2,778 80      |                 |         |
| Mussens Ltd.....             | N. end of Basin 4.....              |                             | Flour shed.....                 | Feb. 1, 1942   | 150 00        |                 |         |
| Maple Leaf Milling Co.....   | Wellington Basin.....               | 11,100 sq. ft.              | Feed plant and store-house..... | May 1, 1942    | 693 75        |                 |         |
| Montreal Lumber Co. Ltd..... | St. Gabriel Basin 4.....            | 6,370 and 24,906-25 sq. ft. | Lumber storage.....             |                |               |                 |         |

|                                  |                                |                    |  |               |           |
|----------------------------------|--------------------------------|--------------------|--|---------------|-----------|
| Mount Royal Metal Co.            | N. side Oak Street.            | 1,739 sq. ft.      | Extension to shed 2.                   | Aug. 15, 1942 | 86 95     |
| Montreal Dry Docks               | 8352 sq. ft. Mill Street       | 8,352 sq. ft.      |  | May 1, 1943   | 417 60    |
| Mount Royal Metal Co.            | Mill Street.                   | 2,350 sq. ft.      |  | Aug. 1, 1944  | 117 50    |
| Montreal Tramways Co.            | Autobus Park, Lot 964          | 4,177-26 sq. ft.   |  | Dec. 15, 1942 | 104 43    |
| Murphy Paint Co. Ltd.            | near Br. 5 Atwater.            | 5,166-82 sq. ft.   |  | May 1, 1944   | 258 34    |
| Montreal Coke & Mfg. Co.         | in Ville LaSalle.              | 765 sq. ft.        |  | Apr. 1, 1945  | 10 00     |
| Monsanto (Can) Ltd.              | in Ville LaSalle.              | 765 sq. ft.        |  | Apr. 1, 1945  | 10 00     |
| Marine Agencies Reg'd.           | Common St.                     | 8,099 sq. ft.      | Storage space.                         | Mar. 15, 1946 | 607 42    |
| Montreal Lumber Co.              | St. Gabriel Basin 4.           | 8,000 sq. ft.      |  | June 1, 1946  | 500 00    |
| Montreal Dual Mixed Concrete Co. | north bank.                    | 4,961.4 sq. ft.    |  | May 1, 1945   | 281 25    |
| Monsanto (Can) Ltd.              | rtly. siding on S. bank.       |                    |  | July 1, 1946  | 40 00     |
| Montreal Shipping Co.            | Basin 2 near Common St.        | 4,760 sq. ft.      |  |               | 1,200 00  |
| Mount Royal Metal Co.            | N. side Oak St.                | 8,600 sq. ft.      |  | Feb. 1, 1947  | 642 50    |
| Montship Lines Ltd.              | Basin 2 of Common St.          | 4,765 sq. ft.      |  | Apr. 1, 1948  | 357 00    |
| Montreal Dry Docks Ltd.          | Basin No. 2.                   | 150,803 sq. ft.    |  | Feb. 1, 1945  | 10,600 00 |
| Ogilvie Flour Mills Co.          | Mill Street, Lots 12, 13, 14.  |                    |  | Jan. 1, 1923  | 4,957 50  |
| Ogilvie Flour Mills Co.          | Mill Street, Lots 18 and 19.   |                    |  | Jan. 1, 1923  | 4,350 00  |
| Ogilvie Flour Mills Co.          | Mill Street.                   | 1,475-76 sq. ft.   | Marine legs, steam pipes and conveyors | Mar. 18, 1924 | 188 46    |
| O'Reilly, Geo.                   | N. side St. Gabriel Basin 2.   | 1,250 sq. ft.      |  | Feb. 15, 1941 | 118 75    |
| Ogilvie Flour Mills Co.          | both sides Mill St.            | 100,527-65 sq. ft. |  | Jan. 1, 1941  | 5,446 38  |
| Page-Hersey Tubes Ltd.           | N. side near C.N.R. Bridge.    | 1,885 sq. ft.      |  | May 1, 1921   | 94 25     |
| Prefontaine & Co. T.             | near Brewster Bridge.          |                    | Pipe and draw water.                   | May 1, 1922   | 60 00     |
| Prefontaine & Co. T.             | near Charlevoix St.            | 6,750 sq. ft.      |  | May 1, 1935   | 337 50    |
| Peacock Bros. Ltd.               | S. bank near Rockfield Br.     |                    | 4" disch. pipe and rubble pit.         | Nov. 1, 1942  | 30 00     |
| Que. & Ont. Transp'n. Co.        | W. side Wellington Basin.      | 31,210 sq. ft.     |  | Apr. 1, 1946  | 1,950 68  |
| Rutherford & Sons Ltd.           | below Atwater Ave. Br.         |                    | Pipe and draw water.                   | May 1, 1906   | 150 00    |
| Simmonds Ltd.                    | near Decourcelles St.          | 3,520 sq. ft.      | Erect coal-handling plant.             | Mar. 1, 1931  | 132 60    |
| Rochester-Pittsburg Coal.        | near Wellington Basin.         | 51,450 sq. ft.     |  | Oct. 15, 1933 | 3,215 63  |
| Rochester-Pittsburg Coal.        | near Wellington Basin S. side. | 6,120 sq. ft.      | Coal storage.                          | June 1, 1939  | 382 50    |
| Robin Hood Flour Mills           | W. side Wellington Basin.      | 21,008 sq. ft.     | Warehouse site.                        | Jan. 1, 1940  | 1,364 44  |
| Roy, J. Aime.                    | E. side, South Lock 2          | 612 sq. ft.        | Refreshment booth.                     | May 1, 1943   | 100 00    |

DEPARTMENT OF TRANSPORT—LACHINE CANAL—Concluded  
INDEX OF LEASED PROPERTY—Concluded

| Lessee   | Location   | Area           | Utilization                                      | Effective Date                 | Annual Rental<br>\$ cts. | Appraised Value | Remarks |
|--|--|----------------|--|--------------------------------|--------------------------|-----------------|---------|
| Rail & Water Terminal.<br>Ross Engineering Co. | Basin No. 2.....<br>Ville La Salle, S. bank,<br>Lot 962. |                | Occupy sheds 4 and 5.                            | Apr. 12, 1948<br>May 1, 1949   | 2,744 98<br>32 00        |                 |         |
| Rail & Water Terminal.                         | near Wellington St.<br>swing bridge.                     |                |  | Oct. 1, 1949                   | 150 00                   |                 |         |
| Std. Chemical Co.<br>Toronto.                  | below Cote St. Paul<br>Locks.                            |                | Pipe and draw water.                             | Jan. 1, 1906                   | 210 00                   |                 |         |
| Sherwin-Williams Co.<br>Ltd.                   | near Atwater Ave.<br>Bridge.                             |                | 8" pipe and draw water                           | April 1, 1910                  | 210 00                   |                 |         |
| St. Lawrence Flour<br>Mills.                   | on Griers Wharf.....                                     |                | Marine leg.....                                  | Jan. 1, 1911                   | 20 00                    |                 |         |
| St. Lawrence Flour<br>Mills.                   | Griers Basin.....  |                | Pipe and draw water..                            | April 1, 1911                  | 150 00                   |                 |         |
| St. Paul Land & Hyd.<br>Co.                    | at Cote St. Paul Locks                                   |                | Surplus water.....                               | May 1, 1915                    | 2,000 00                 |                 |         |
| Steel Co. of Canada....                        | N. side, below Cote<br>St. Paul Locks.                   | 4,000 sq. ft.  |  | Mar. 1, 1921                   | 151 00                   |                 |         |
| Steel Co. of Canada....                        | N. side, below Cote<br>St. Paul Locks.                   | 1,230 sq. ft.  |  | June 1, 1925                   | 46 13                    |                 |         |
| Steel Co. of Canada....                        | N. side near Cantins<br>Dry Dock.                        | 13,250 sq. ft. |  | Jan. 1, 1929                   | 397 50                   |                 |         |
| Steel Co. of Canada....                        | S. side Lachine Canal                                    | 12,040 sq. ft. |  | Mar. 1, 1931                   | 301 00                   |                 |         |
| Steel Co. of Canada....                        | Near Charlevoix St.                                      | 300 sq. ft.    |  | Sept. 1, 1931                  | 11 25                    |                 |         |
| Simmons Ltd.                                   | N. side Canal.....                                       |                | Pipe and draw water..                            | May 1, 1933                    | 100 00                   |                 |         |
| Superstest Petroleum                           | S. side above Cote St.<br>Paul Br.                       |                | 3 pipe lines.....                                | Aug. 1, 1933                   | 21 00                    |                 |         |
| Steel Co. of Canada<br>Ltd.                    |  |                | 2-12" mains and 1-24"<br>main and draw<br>water. | May 1, 1938                    | 1,110 00                 |                 |         |
| Selig. I. I. ....                              | W. of Atwater Ave.,<br>N. Bank.                          | 20,583 sq. ft. |  | Nov. 15, 1939                  | 1,029 15                 |                 |         |
| Selig. I. I. ....                              | S. bank, W. Atwater<br>Bridge.                           | 4,675          |  | July 15, 1946                  | 233 75                   |                 |         |
| Sherwin-Williams Co.                           | South side canal.....                                    |                | build railway siding..                           | July 15, 1946                  | 33 75                    |                 |         |
| Soumis, E. W.                                  | at Basin No. 2.....                                      | 200 sq. ft.    |  | June 1, 1947                   | 50 00                    |                 |         |
| St. Lawrence Gulf<br>Navigation Co.            | foot of Duke St.....                                     | 8,520 sq. ft.  |  | May 1, 1948                    | 613 50                   |                 |         |
| Steel Co. of Canada....                        | near Brewster Bridge.<br>above Lock 3, South<br>bank.    | 17,528 sq. ft. | 16" supply pipe.....                             | April 1, 1948<br>Sept. 1, 1949 | 150 00<br>875 00         |                 |         |
| Sheedo Construction<br>Co.                     |  |                |  |                                |                          |                 |         |



| Thomson-Gingras Lbr. Co.  | W. of Charlevoix Br...              | 10,000  | sq. ft. |                        | Aug. 16, 1943 | 500 00 |
|---------------------------|-------------------------------------|---------|---------|------------------------|---------------|--------|
| Tutino, Julio.            | Montreal                            | 1,313.8 | sq. ft. | refreshment booth      | Apr. 1, 1945  | 90 69  |
| Vibra-Lite (Eastern) Ltd. | E. Side Wellington St.              |         |         | Electric sign          | Dec. 1, 1937  | 100 00 |
| Vocisano, Dominique.      | S. bank below Charle-               | 5,440   | sq. ft. |                        | July, 1 1923  |        |
| Walker & Co. J. R., Ltd.  | voix St. Br. near Flour Basin No. 4 |         |         | 1" pipe and draw water | May 1, 1923   | 10 00  |
| Williams-Thomas Ltd.      | at Lachine, Basin No. 2             |         |         | Advertising signs      | May 1, 1926   | 75 00  |
| Williams-Thomas Ltd.      | at Lachine.                         |         |         | Advertising sign       | July 1, 1925  | 25 50  |
| Wilsil Ltd.               | Oak St.                             |         |         | As warehouse           | Nov. 11, 1936 | 234 00 |

## DEPARTMENT OF TRANSPORT—CANAL SERVICES

PROPERTY SALES SINCE MARCH 31st, 1948.

| Location                     | Purchaser                           | Consideration<br>\$ cts. | O.C. No. | Date           | Area            | Utilization             |
|------------------------------|-------------------------------------|--------------------------|----------|----------------|-----------------|-------------------------|
| Briggs Island (Rideau Lake)  | W. B. Weston.                       | 250 00                   | 1831     | April 27, 1948 | 1 acre          | Cottage.                |
| Cobocronk Village Ontario.   | Clarke G. Benson.                   | 25 00                    | 2005     | May 6, 1948    | 0.22 acre       |                         |
| Dunnville, Ont.              | Whitney Root.                       | 200 00                   | 5450     | Nov. 26, 1948  | 3,188 sq. ft.   |                         |
| Dunnville, Ont.              | Mrs. Eileen Walker.                 | 100 00                   | 3176     | June 29, 1949  | 1,850 sq. ft.   | Industrial.             |
| Dunnville, Ont.              | J.W. & L.I. Wiederrick.             | 88 00                    | 3176     | June 29, 1949  | 1,797 sq. ft.   |                         |
| Dunnville, Ont.              | W. R. Jackson.                      | 90 00                    | 3176     | June 29, 1949  | 1,799 sq. ft.   |                         |
| Dunnville, Ont.              | Thomas J. Griggs.                   | 641 48                   | 6504     | Dec. 29, 1949  | .202 acre       | Industrial.             |
| Dunnville, Ont.              | H. B. E. Anger.                     | 63 00                    | 6504     | Dec. 29, 1949  | 2,100 sq. ft.   | Industrial.             |
| Grantham Township.           | Joseph M. Deluca.                   | 2,000 00                 | 435      | Feb. 6, 1948   | 8.76 acres      |                         |
| Grantham Township.           | County of Lincoln.                  | 117 61                   | 1347     | April 27, 1948 | 2.66 acres      | Road Diversion.         |
| Grantham Township.           | Harry Mihowich.                     | 300 00                   | 1832     | April 27, 1948 | 0.567 acres     |                         |
| Grantham Township.           | CNR Co. for Niagara St. and T. Rly. | 4,000 00                 | 879      | Aug. 31, 1948  | 1,649 acres     | Railway Purposes.       |
| Grantham Township.           | Ziraldi Bros.                       | 100 00                   | 534      | Feb. 4, 1948   | 11.4 acres      | Fruit Farming.          |
| Grantham Township.           | Kasper & Maria Mierzwa.             | 650 00                   | 5274     | Oct. 18, 1949  | 6,524 sq. ft.   |                         |
| Merrithon, Ont.              | Vera Pearl McFall and Wm. McFall.   | 1 00                     | 1652     | Apr. 16, 1948  | 1.07            | By tender.              |
| Merrithon, Ont.              | Town of Merrithon.                  | 49,000 00                | 4531     | Oct. 7, 1948   | 5.48 acres      | Road Development.       |
| Merrithon, Ont.              | Interlake Tissue Mills Co. Ltd.     | 1 00                     | 3973     | Oct. 1, 1947   | 6.62 acres      | Industrial.             |
| Merrison, Ont.               | Township of Morrison.               | 400 00                   | 1487     | Mar. 20, 1949  | 1.03 acres      | Residential.            |
| Merrison, Ont.               | Wm. and Mary Newell.                | 450 00                   | 2712     | June 2, 1949   | 0.17 acres      | Industrial.             |
| Merrison, Ont.               | Boyle.                              | 1 00                     | 1811     | Apr. 22, 1948  | 3,439.6 sq. ft. | For opening street.     |
| St. Ignace de Coteau du Lac. | Municipality.                       | 60 00                    | 889      | Feb. 24, 1949  | 0.08 acre       | Home site.              |
| St. Catharines, Ont.         | Mrs. Elizabeth MacDonald.           | 100 00                   | 3854     | Aug. 31, 1948  | 153,415 sq. ft. | C.N.R.                  |
| St. Cecile, Co. B. P.Q.      | C.N.R. Co.                          | 1 00                     | 2188     | May 9, 1949    | 1.87 acres      | Municipal purposes.     |
| St. Catharines, Ont.         | City of St. Catharines.             | 800 00                   | 1087     | Mar. 16, 1948  | 0.80 acre       | Industrial.             |
| Thorold, Ont.                | Provincial Paper Co.                | 35 00                    | 663      | Feb. 15, 1949  | 417 sq. ft.     |                         |
| Thorold, Ont.                | W. A. Hunt and O. R. Stedman.       | 1 00                     | 1499     | Mar. 24, 1950  | 9.3 acres       | Municipal purposes.     |
| Thorold, Ont.                | Twp. of Thorold.                    | 100 00                   | 2605     | June 10, 1948  | 2.06 acres      | Farming.                |
| Welland, Ont.                | Archie Shively.                     | 1 00                     | 2001     | May 5, 1948    | .61 acre        | Twp. School Area No. 2. |
| Welland, Ont.                | Twp. School No. 2, Pelham.          | 1 00                     | 411      | Jan. 31, 1950  | 5.02 acres      | Industrial.             |
| Welland, Ont.                | Ont. Constn. Co.                    | 1,150 00                 |          |                |                 |                         |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES

## PROPERTY RECORD

| Location                                     | COST VALUE |           |       | Area                                  | Purpose   | Remarks |
|--|------------|-----------|-------|---------------------------------------|---|---------|
|  | Land       | Buildings | Total |                                       |   |         |
| Annapolis, Nova Scotia.                      |            |           |       | .016 acre.                            | Lighthouse Tower.   |         |
| Annapolis, Nova Scotia.                      |            |           |       | .025 acre.                            | Lighthouse Tower.   |         |
| Annapolis, Nova Scotia.                      |            |           |       | .045 acre.                            | Lighthouse Tower.   |         |
| Annapolis, N.S.                              |            |           |       | .219 acre.                            | Lighthouse Tower.   |         |
| Annapolis, N.S.                              |            |           |       | 1 acre.                               | Lighthouse.   |         |
| Anse aux Canards, Bonaventure, P.Q.          |            |           |       |                                       | Front Light.  |         |
| Anse aux Vallon, Co. Gaspé, Quebec.          |            |           |       |                                       | Back Light.   |         |
| Anse aux Vallon, Co. Gaspé, Que.             |            |           |       |                                       | Lighthouse.   |         |
| L'Anse a Brillant, Co. Bonaventure, Que.     |            |           |       |                                       | Lighthouse.   |         |
| Parish of Argyle, Yarmouth Co., Nova Scotia. |            |           |       | .5 acre.                              | Lighthouse Tower.   |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | Approx. 9 acres                       | Residence and Tower combined, Boat House and Store House.                     |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | .37 acre.                             | Lighthouse Tower and Residence combined, Storehouse, Wharf and Shed.          |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | 3.5 acres (Island).                   | Lighthouse Tower and Residence combined, Breakwater, Oil Shed and Barn.       |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | 5-6 acres ( $\frac{1}{2}$ of Island). | Lighthouse Tower and Residence combined, Breakwater, Boat House and Oil Shed. |         |
| Annapolis, N.S.                              |            |           |       | .252 acre.                            | Lighthouse Tower.   |         |
| Annapolis, N.S.                              |            |           |       | .092 acre.                            | Fog Bell House and Oil Shed.  |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | 120 acres (South end of Island).      | Lighthouse Tower, Fog-Alarm, Radio Station, Slipway, Dwellings, etc.          |         |
| Parish of Argyle, Yarmouth Co., N.S.         |            |           |       | 12.5 acres (All of Big Fish Island).  | Combined Residence and Light.   |         |
| Antigonish Co., N.S.                         |            |           |       | 2 acres.                              | Lighthouse Tower, Dwelling, Barn, Oilshed, (Cape George, N.S.).               |         |
| Antigonish Co., N.S.                         |            |           |       | Lot 60 sq. ft.                        | Lighthouse Tower.   |         |
| Antigonish Co., N.S.                         |            |           |       | Lot 60 sq. ft.                        | Lighthouse Tower.   |         |
| Antigonish Co., N.S.                         |            |           |       | 5 acres                               | Combined Light and Dwelling, Barn, Oilshed.                                   |         |
| Antigonish Co., N.S.                         |            |           |       | 26 acres                              | Combined Light and Dwelling, Oil-house, Storehouse, Barn.                     |         |



## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location   | COST VALUE |           |       | Area             | Purpose  | Remarks |
|--|------------|-----------|-------|------------------|--|---------|
|  | Land       | Buildings | Total |                  |  |         |
| Bamfield, British Columbia.....                                  |            |           |       | 1-933 acres      | Lifeboat Site.....                               |         |
| Pachena Pt. British Columbia.....                                |            |           |       | Approx. 50 acres | Lighthouse Site.....                             |         |
| Cape Beale, Barclay District, B.C.....                           |            |           |       | 160 acres        | Lighthouse.....                                  |         |
| Beaver Pt., Halifax County, N.S.....                             |            |           |       | 19 acres         | Beaver Harbour Light.....                        |         |
| Betty Island, Halifax County, N.S.....                           |            |           |       | 1 acre           | Light Station.....                               |         |
| Halifax Harbour, Halifax County, N.S.....                        |            |           |       | 57 acres         | Chabucto Head Light and F.A. Station.....        |         |
| Dover Island, Halifax County, N.S.....                           |            |           |       | 1½ acres         | Dover Light.....                                 |         |
| Egg Island, Halifax County, N.S.....                             |            |           |       | 1 acre           | Light Station.....                               |         |
| Devil Island, Halifax County, N.S.....                           |            |           |       | 10 acres         | Range Lights.....                                |         |
| George Island, N.S. (Halifax Harbour).....                       |            |           |       |                  | Light and F.A. Station.....                      |         |
| Hants-West, Hants County, N.S.....                               |            |           |       | 3 acres          | Mast and Shed.....                               |         |
| Hants-West, Hants County, N.S.....                               |            |           |       | 5 acres          | Lighthouse Tower, Dwelling and Oil Shed.....     |         |
| Hants-West, Hants County, N.S.....                               |            |           |       | 7715 acre        | Lighthouse Tower.....                            |         |
| Hants-West, Hants County, N.S.....                               |            |           |       | 015 acre         | Mast and Shed.....                               |         |
| Hants-West, Hants County, N.S.....                               |            |           |       | 1-75 acres       | Lighthouse Tower.....                            |         |
| Harbour Island, Halifax County, N.S.....                         |            |           |       | 287 acres        | Lighthouse and Dwelling Combined.....            |         |
| Harvey Parish, Albert County, N.B.....                           |            |           |       | 6-5 acres        | Residence, Fog-Alarm, Lighthouse Tower, etc..... |         |
| Harvey Parish, Albert County, N.B.....                           |            |           |       | 3 acres          | Residence, Fog-Alarm and Lighthouse.....         |         |
| Harvey Parish, Albert County, New Brunswick, (Grindstone Island) |            |           |       | 3 acres          | Residence, Fog-Alarm and Lighthouse.....         |         |
| Herring Cove, Halifax Harbour, Halifax Co., N.S.....             |            |           |       | 056 acre         | Light.....                                       |         |
| Indian Harbour, St. Margaret Bay, Halifax Co., N.S.....          |            |           |       | ¼ acre           | Light.....                                       |         |
| Inner Sambro Island, Halifax Co., N.S.....                       |            |           |       | 7-5 acres        | Light.....                                       |         |
| Jeddore Harbour, N.S.....  |            |           |       | 7 acres          | Lighthouse and Dwelling Combined.....            |         |
| Jeddore Harbour, N.S.....  |            |           |       | 2,400 sq. ft.    | Range Lights.....                                |         |
| Kent Island, Halifax Co., N.S.....                               |            |           |       | 2,500 sq. ft.    | Range Light (Inner).....                         |         |
| Ketch Harbour, Halifax Co., N.S.....                             |            |           |       | 1 acre           | Harbour Light.....                               |         |
| Owls Head Lighthouse, Halifax Co., N.S.....                      |            |           |       | 650 sq. ft.      | Lighthouse and Dwelling.....                     |         |
| Cambridge Parish, Queens Co., New Brunswick                      |            |           |       | 56               | Lighthouse Tower.....                            |         |
| Cambridge Parish, Queens Parish Co., New Brunswick               |            |           |       | 086 acre         | Mast and Crib.....                               |         |
| Cambridge Parish, Queens Co., New Brunswick                      |            |           |       | 1 acre           | Lighthouse Tower.....                            |         |

| Campobello Parish, Charlotte Co., New Brunswick     | 1 acre              | Residence, Fog-Alarm, Lighthouse Buildings and Piers, Lighthouse Tower. |
|---|---------------------|---|
| Campobello Parish, Charlotte Co., New Brunswick     | 556 acre            |   |
| Hart Island, Canso Harbour, N.S.                    | 3 acres             | Harbour Light.  |
| Canso, N.S.   | 60 sq. ft.          | Canso Front and Back Range Lights.                                      |
| Cranberry Island, Canso, N.S.                       | 6½ acres            | Light and F.A. Station.   |
| Sydney Harbour, Cape Breton Co., N.S.               | 500 sq. ft.         | Range Lights.   |
| Derby Point, Cape Breton Co., N.S.                  | 1 acre              | Light Station.  |
| Glace Cove, Glace Bay, Cape Breton Co., N.S.        | 1 lot 225 sq. ft.   | Range Lights.   |
|   | 1 lot 3,600 sq. ft. |   |
| Bryant's Landing, Brome County, Que.                | 4½ acres            | Lighthouse.   |
| Baccard Point, Dist. Barrington, N.S.               | 2 acres             | Lightstation.   |
| Cape Sable, Barrington, N.S.                        | 5 acres             | Lighthouse.   |
| Bon Portage, Barrington, N.S.                       | 207 acre.           | Lighthouse Tower and Residences, etc.                                   |
| Stoddard Island, Shelburne County, Barrington, N.S. | 7 acres             | Lighthouse.   |
| Cape Sable, Shelburne County, Barrington, N.S.      |                     | Lighthouse, Fog Alarm and Residence.                                    |
| Batiscan, Champlain County, Que.                    |                     | Back Lighthouse.  |
| Bear Island, N.S.                                   | ½ acre              | Lightstation.   |
| Beaver Island, N.S.                                 | 8 acres             | Light and F.A. Station.   |
| Perens Island, B.C.                                 | ½ acre              | Beacon.   |
| Beauharnois, Que.                                   |                     | Lighthouse.   |
| Beauharnois, Que.                                   |                     | Lighthouse.   |
| Beauharnois, Que.                                   |                     | Lighthouse.   |
| Gull Harbour, Bifrost, Manitoba.                    | 2 acres             | Light, Steel Tower and Dwelling.  |
| Bonaventure Point, Que.                             |                     | Lighthouse.   |
| Port Borden, P.E.I.                                 |                     | Back lighthouse.  |
| Port Borden, P.E.I.                                 |                     | Front Lighthouse.   |
| Cape Tormentine Pier, Co. Westmorland, N.B.         |                     | Back Lighthouse.  |
| Cape Tormentine, Pier, Co. Westmorland, N.B.        |                     | Back Lighthouse.  |
| Cape Tormentine, Co. Westmorland, N.B.              |                     | Front Lighthouse.   |
| Cape Tormentine, Co. Westmorland, N.B.              |                     | Back Lighthouse.  |
| Jourmain, Co. Westmorland, N.B.                     |                     | Lighthouse, Dwelling and Barn.  |
| Shemogue, Westmorland Co., N.B.                     |                     | Back Light.   |
| Shemogue, Westmorland Co., N.B.                     | ½ acre              | Front Light.  |
| Burial Island, Dist. Cowichan, B.C.                 | 028 acre.           | Beacon.   |
| Prp. pcp. Parish of Burton, N.B.                    | 22,000 sq. ft.      | Lighthouse and Crib.  |
| Pope's Harbour, Halifax Co., N.S.                   | 1½ acres            | Light.  |
| McNab Island, Halifax Harbour, Halifax Co., N.S.    |                     | Light.  |
| Manger Peach, Halifax Harbour, Halifax Co., N.S.    |                     | Light and F.A. Station.   |
| Shag Ledge, Halifax Co., N.S.                       | ½ acre              | Range Light (Outer).  |
| Peggy Point, St. Margaret Bay, Halifax Co., N.S.    | 1 acre              | Light.  |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location   | Cost Value |           |       | Area                       | Purpose   | Remarks       |
|--|------------|-----------|-------|----------------------------|---|---------------|
|  | Land       | Buildings | Total |                            |   |               |
| Pennant Cove, Halifax, Co., N.S.                     |            |           |       | 1/4 acre                   | Lighthouse  |               |
| Sable Island, N.S.                                   |            |           |       | Sand Bar                   | Light Station   |               |
| Sambro Island, Halifax Co., N.S.                     |            |           |       |                            | Light and Fog-Alarm Station                             | None Arable.  |
| Sambro Harbour, Halifax Co., N.S.                    |            |           |       | 1/10 acre                  | Light   |               |
| Sauls Island, Near Shag Bay, Halifax Co., N.S.       |            |           |       |                            | Light   | Rocky Island. |
| Church Point, Sheet Harbour, Halifax Co., N.S.       |            |           |       | 375 sq. ft.                | Fixed Light   |               |
| Sheet Harbour, Halifax Co., N.S.                     |            |           |       | 1 640 sq. ft.              | Range Lights  |               |
| Watt Point, Sheet Harbour, Halifax Co., N.S.         |            |           |       | 300 sq. ft.                | Light   |               |
| Sheet Rock Island, Halifax Co., N.S.                 |            |           |       |                            | Lighthouse and Dwelling Combined                        |               |
| Spry Bay, Spry Harbour, Halifax Co., N.S.            |            |           |       |                            | Range Lights  |               |
| Terence Bay, Halifax Co., N.S.                       |            |           |       | 1 1/2 acres                | Light   |               |
| Croucher Island, St. Margaret Bay, Halifax Co., N.S. |            |           |       | 5 acres                    | Light   |               |
| Wolfe Pt., Ship Harbour, Halifax, Co., N.S.          |            |           |       | 50 acres                   | Light Station   |               |
| Ile Du Milieu, Parish Ile Dupas, Que.                |            |           |       |                            | Lighthouse (Front)                                      |               |
| Ile du Milieu, Parish Ile Dupas, Que.                |            |           |       | 2 acres                    | Lighthouse (Back)                                       |               |
| Ingonish Island, N.S.                                |            |           |       | 60 sq. ft.                 | Lightstation  |               |
| Balache Pt., Inverness, N.S.                         |            |           |       | 163 acres                  | Light Tower   |               |
| Cape St. Lawrence, Inverness Co., N.S.               |            |           |       | 25 sq. ft.                 | Lightstation  |               |
| Caveau Point, Inverness, N.S.                        |            |           |       | 25 sq. ft.                 | Lighthouse Tower (Back Light)                           |               |
| Caveau Point, Inverness, N.S.                        |            |           |       | 25 sq. ft.                 | Lighthouse Tower (Front Light)                          |               |
| Clark Cove, Inverness Co., N.S.                      |            |           |       | 2 lots, each 3,600 sq. ft. | Range Lights  |               |
| Friar's Hear, Inverness, N.S.                        |            |           |       | 50 sq. ft.                 | Pole and Hut  |               |
| Margaree Harbour, Inverness, N.S.                    |            |           |       | 60 sq. ft.                 | Lighthouse Tower (Front)                                |               |
| Margaree Harbour, Inverness, N.S.                    |            |           |       | 60 sq. ft.                 | Lighthouse Tower (Back)                                 |               |
| Margaree Island, Inverness, N.S.                     |            |           |       | 100 acres                  | Combined Light and Dwelling, Oilhouse, Barn,            |               |
| Henry Island, Inverness, N.S.                        |            |           |       | 10 acres                   | Lighthouse Tower, Dwelling, Boat-house, Barn, Oilhouse. |               |
| Dartmouth, N.S.                                      |            |           |       |                            | Marine Depot  |               |
| Dartmouth, N.S.                                      |            |           |       | 4,800 s.f.                 | Back light  |               |
| Digby, N.S.  |            |           |       | .5 acre                    | Residence, Boathouse and Tramway                        |               |
| Bear River, Co. Digby, N.S.                          |            |           |       | 2 acres                    | Lighthouse  |               |
| Digby, N.S.  |            |           |       | 10-17 acres                | Lighthouse and Residence                                |               |
| Gilbert Point, Co. Digby, N.S.                       |            |           |       | 1 acre                     | Lighthouse and Residence                                |               |



|   |             |  |
|---|-------------|--|
| Point Prim, Co. Digby, N.S.                       | 11 acres    | Lighthouse and Residence                   |
| Sissiboo, Co. Digby, N.S.                         | 7 acres     | Lighthouse                                 |
| Digby, Island B.C.                                |             | Dwellings, Workshops, Office, Stores, etc. |
| Discovery Island, B.C.                            | 4-32 acres  | Lighthouse                                 |
| Fort Folly, Co. Westmorland, N.B.                 | 2-5 acres   | Lighthouse                                 |
| Douglstown Co. Bonaventure, Que.                  |             | Back Light                                 |
| Marks Point, Co. Charlotte, N.B.                  | -06 acre    | Lighthouse                                 |
| Spruce Point, Co. Charlotte, N.B.                 | -5 acre     | Lighthouse                                 |
| Besser Crossing, Hull Co., Que.                   |             | Back Lighthouse                            |
| Besser Crossing, Hull Co., Que.                   |             | Front Lighthouse                           |
| Way Channel, Hull County, Que.                    |             | Front Lighthouse                           |
| Way Channel, Hull County, Que.                    |             | Back Lighthouse                            |
| Entrance Island, B.C.                             | 10 acres    | Lighthouse                                 |
| Esquimalt, B.C.                                   | 1 acre      | Lighthouse                                 |
| Fame Point, Co. Gaspe, Que.                       |             | Light                                      |
| Fiddle Reef, B.C.                                 |             | Lighthouse                                 |
| Esquimalt, B.C.                                   |             | Light and F. A. Station                    |
| Flint Island, N.S.                                |             | Back Light                                 |
| Fox River, Co. Gaspe, Que.                        |             | Lighthouse                                 |
| Fox River, Co. Gaspe, Que.                        |             | Front Light                                |
| Fox River, Co. Gaspe, Que.                        |             | Back Light                                 |
| Fox River, Co. Gaspe, Que.                        |             | Lighthouse                                 |
| Gagetown, Queens Co., N.B.                        | -02 acre    | Lighthouse                                 |
| Gallows Point, B.C.                               |             | Light, Dwelling, Oilshed                   |
| Amherst, Gaspe, Que.                              |             | Light Tower, Dwelling, Oilshed Storehouse  |
| Etang Du Nord, Gaspe, Que.                        |             | Light, Dwelling, Oilhouse, Stable          |
| Byron Island, Gaspe, Que.                         |             | Light                                      |
| Bird Rock, Gaspe, Que.                            |             | Lighthouse                                 |
| Gentilly, Nicolet County, Que.                    |             | For Handling and Storage of Fish           |
| Shippegan, Co. Gloucester, N.B.                   |             | Light                                      |
| Pokenouche, Co. Gloucester, N.B.                  | 2 acres     | Residence and Fog Alarm Buildings          |
| Big Duck Island, Co. Gloucester, N.B.             | -038 acre   | Lighthouse                                 |
| Gull Cove, Co. Gloucester, N.B.                   | 5-11 acres  | Life Saving Station, Residence and Wharf   |
| Grand Harbour, Co. Gloucester, N.B.               | -924 acre   | Lighthouse and Residence                   |
| Little Wood Island, Co. Gloucester, N.B.          | 7 acres     | Fog Alarm and Residence                    |
| Long Eddy, Co. Gloucester, N.B.                   |             | Lighthouse and Residence                   |
| Grand Manan, Co. Gloucester, N.B.                 | 1,205 acres | Lighthouse, Residence, Trestle Landing     |
| Swallowtail, Co. Gloucester, N.B.                 | 5 acres     | Residence and Fog Alarm                    |
| Whitehead Island, Co. Gloucester, N.B.            | 5-5 acres   | Lighthouse                                 |
| Grande Riviere, Co. Bonaventure, Que.             |             | Front Light                                |
| Grande Riviere, Co. Bonaventure, Que.             |             | Back Light                                 |
| Grande Riviere, Co. Bonaventure, Que.             |             | Lighthouse                                 |
| Oak Point, Kings County, N.B.                     | 2-19 acres  | Back Light                                 |
| Grenville, Co. Argenteuil, Que.                   |             | Back Light                                 |
| Grief Point, B.C.                                 |             | Beacon                                     |
| Griffin Cove, Cap des Rosiers, County Gaspe, Que. |             | Front Light                                |
| Griffin Cove, Cap Des Rosiers, County Gaspe, Que. |             | Back Light                                 |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location                                       | Cost Value |           |       | Area               | Purpose                                       | Remarks |
|--|------------|-----------|-------|--------------------|---|---------|
|  | Land       | Buildings | Total |                    |   |         |
| Grondines Point, Co. Portneuf, Que.            |            |           |       |                    | Lighthouse                                    |         |
| Grondines Point, Parish Grondines, Que.        |            |           |       |                    | Back Light                                    |         |
| Grondines, Co. Portneuf, Que.                  |            |           |       |                    | Upper Front Lighthouse                        |         |
| Grondines, Co. Portneuf, Que.                  |            |           |       |                    | Upper Back Lighthouse                         |         |
| Grondines, Que.                                |            |           |       |                    | Signal-reporting Station                      |         |
| Guichen Island, N.S.                           |            |           |       |                    | Lighthouse                                    |         |
| Cape Porcupine, Co. Guysboro, N.S.             |            |           |       |                    | Front Light                                   |         |
| Cape Porcupine, Co. Guysboro, N.S.             |            |           |       |                    | Back Light                                    |         |
| Guysboro Harbour, Dist. Guysboro, N.S.         |            |           |       | 10,000 sq. ft.     | Light   |         |
| Queensport, Dist. Guysboro, N.S.               |            |           |       | 1 acre             | Lightstation                                  |         |
| Cole Harbour, Dist. Guysboro, N.S.             |            |           |       | 2,000 sq. ft.      | Pole Light                                    |         |
| Cole Harbour, Dist. Guysboro, N.S.             |            |           |       | 50 acres           | Front and Back Range Lights                   |         |
| Country Island, Dist. Guysboro, N.S.           |            |           |       | non arable         | Lightstation                                  |         |
| Chaplo Harbour, Dist. Guysboro, N.S.           |            |           |       | 2 lots each        | Front and Back Range Lights                   |         |
| Eddy Point, Dist. Guysboro, N.S.               |            |           |       | 3,600 sq. ft.      |   |         |
| Isaac Harbour, Guysboro Co., N.S.              |            |           |       | 2 acres            | Lightstation                                  |         |
| Point Enragee, Inverness, N.S.                 |            |           |       | $\frac{1}{2}$ acre | Light and F. A. Station                       |         |
| St. Patrick Channel, Inverness Co., N.S.       |            |           |       | 2 acres            | Lightstation                                  |         |
| Jersey Cove, Cap Des Rosières, Co. Gaspé, P.Q. |            |           |       | $\frac{1}{2}$ acre | Combined Light and Dwelling, Shed,            |         |
| Jersey Cove, Cap Des Rosières, Co. Gaspé, P.Q. |            |           |       |                    | Boathouse, Fog Gun House.                     |         |
| Jersey Cove, Cap Des Rosières, Co. Gaspé, P.Q. |            |           |       |                    | Lightstation.                                 |         |
| Kaslo, B.C.                                    |            |           |       |                    | Front Light (Range)                           |         |
| Buctouche Bar, Kent Co., N.B.                  |            |           |       |                    | Back Light (Range)                            |         |
| Buctouche Bar, Kent Co., N.B.                  |            |           |       | 1 acre.            | Lighthouse                                    |         |
| Buctouche Bar, Kent Co., N.B.                  |            |           |       | 30 sq. ft.         | Lighthouse Tower and Dwelling, Oil-shed.      |         |
| Buctouche Bar, Kent Co., N.B.                  |            |           |       | 30 sq. ft.         | Lighthouse Tower. (Inner Front Light)         |         |
| Dixon Point, Kent Co., N.B.                    |            |           |       | 30 sq. ft.         | Lighthouse Tower. (Inner Back Light)          |         |
| Dixon Point, Kent Co., N.B.                    |            |           |       | 30 sq. ft.         | Lighthouse Tower. (Front Light)               |         |
| Cassie Point, Kent Co., N.B.                   |            |           |       | 30 sq. ft.         | Lighthouse Tower. (Back Light)                |         |
| Cocagne, Kent Co., N.B.                        |            |           |       | 30 sq. ft.         | Combined Light and Dwelling, Oilshed.         |         |
| Richibucto, Kent Co., N.B.                     |            |           |       | 30 sq. ft.         | Pole and Hut.                                 |         |
| St. Louis Gully, Kent Co., N.B.                |            |           |       | 11,520 sq. ft.     | Lighthouse Tower.                             |         |
| Annandale, King's Co., P.E.I.                  |            |           |       | 40 sq. ft.         | Range Lights, Oilhouse.                       |         |
| Annandale, King's Co., P.E.I.                  |            |           |       | 60 sq. ft.         | Front Lighthouse Tower.                       |         |
| Cardigan River, King's Co., P.E.I.             |            |           |       |                    | Back Lighthouse Tower.                        |         |
|  |            |           |       |                    | Front Lighthouse, Pole Light on Public Wharf. |         |

|  |  |  |               |   |
|--|--|--|---------------|---|
| Cardigan River, King's Co., P.E.I.                 |  |  | 3 acres       | Back Lighthouse   |
| Cape Bear, King's Co., P.E.I.                      |  |  | 1 acre        | Combined Light and Dwelling, Stable, Oilshed.                                       |
| East Point, King's Co., P.E.I.                     |  |  | 3 acres       | Lighthouse Tower, Dwelling, Fog Alarm Plant, Oilhouse.                              |
| Georgetown, King's Co., P.E.I.                     |  |  | 100 sq. ft.   | Front Lighthouse Tower  |
| Georgetown, King's Co., P.E.I.                     |  |  | 40 sq. ft.    | Back Lighthouse Tower   |
| Kings, King's Co., N.S.                            |  |  | 5 acres       | Lighthouse Tower and Residence Combined, Oilshed, and Barn.                         |
| King's, King's Co., N.S.                           |  |  | 3-7 acres     | Residence and Light Combined and Oil Shed.  |
| The Cedars, King's Co., N.B.                       |  |  | .57 acre      | Lighthouse Tower  |
| Porter Point, King's Co., N.S.                     |  |  | 1-5 acres     | Lighthouse Tower  |
| Shamper Wharf, King's Co., N.B.                    |  |  | .063 acre     | Lighthouse Tower  |
| Murray Harbour, King's Co., P.E.I.                 |  |  | 50 sq. ft.    | Front Lighthouse Tower  |
| Murray Harbour, King's Co., P.E.I.                 |  |  | 40 sq. ft.    | Back Lighthouse Tower   |
| Panmure, King's Co., P.E.I.                        |  |  | 2 acres       | Lighthouse Tower, Dwelling, Fog Alarm Plant, Oilhouse.                              |
| Shipwreck Point, King's Co., P.E.I.                |  |  | 1 acre        | Combined Tower and Dwelling, Oilshed Used by the Provincial Fishermen's Loan Board. |
| Near Souris Public Wharf, King's Co., P.E.I.       |  |  | 9,900 sq. ft. | Light.  |
| Larry River, Dist. Guysboro, N.S.                  |  |  | 2 acres       | Lightstation  |
| Liscomb, Dist. Guysboro, N.S.                      |  |  | 5 acres       | Light.  |
| Torbay, Dist. Guysboro, N.S.                       |  |  | 30 acres      | Range Lights  |
| Park Point, Dist. Guysboro, N.S.                   |  |  | 1/6 acre      | Lightstation  |
| Port Felix, Dist. Guysboro, N.S.                   |  |  | 55 acres      | Lightstation  |
| Redman Head, Dist. Guysboro, N.S.                  |  |  | 1/2 acre      | Lightstation  |
| Three Top Island, Dist. Guysboro, N.S.             |  |  | 20 acres      | Light and F.A. Station  |
| Whitehead Island, Dist. Guysboro, N.S.             |  |  | 64 acres      | Lighthouse and Fog Bell   |
| St. John, Parish Lancaster, N.B.                   |  |  | 1/2 acre      | Lighthouse and Residence  |
| St. John, Parish Lancaster, N.B.                   |  |  | 70 acres      | Fog Alarm and Residence   |
| Tiner Point, Saint John, N.B.                      |  |  | 47 acres      | Marconi Radio Station   |
| Route Ignace, Lauzon, Lewis, Que.                  |  |  |               | Back Lighthouse   |
| Lavaltrie, Co. Berthier, Que.                      |  |  |               | Lighthouse (Front)  |
| Lavaltrie, Co. Berthier, Que.                      |  |  |               | Back Lighthouse   |
| Quai de Lavaltrie, Co. Berthier, Que.              |  |  |               | Front Lighthouse  |
| Vieille Eglise, Leclercville, Co. Lotbinière, Que. |  |  |               |   |
| Ste. Emélie, Co. Lotbinière, Que.                  |  |  |               |   |
| Lemard Island, B.C.                                |  |  | 13 acres      | Back Lighthouse   |
| Limolou, City Quebec, Que.                         |  |  | 5-5 acres     | Lighthouse  |
| Wilmot Bluff, Co. Sunbury, N.B.                    |  |  | .038 acre     | Explosive Storage   |
| Lorignal, Co. Prescott, Ont.                       |  |  |               | Lighthouse  |
| Lorignal, Co. Prescott, Ont.                       |  |  |               | Front Lighthouse  |
| Battery Pt., Dist. Lunenburg, N.S.                 |  |  | 2 1/2 acres   | Back Lighthouse   |
| Cross Island, Dist. Lunenburg, N.S.                |  |  | 2 acres       | Lightstation  |
| Hubbards Cove, Co. Lunenburg, N.S.                 |  |  | 1 acre        | Lighthouse and Fog Alarm  |
| Kaulbach Island, Dist. Lunenburg, N.S.             |  |  | 1 acre        | Lightstation  |
| La Have, Dist. Lunenburg, N.S.                     |  |  | 2 acres       | Lightstation  |
| Mosher Island, Dist. Lunenburg, N.S.               |  |  | 2 acres       | Lightstation  |

(Water lot.)



## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location                                     | COST VALUE |           |       | Area       | Purpose  | Remarks      |
|--|------------|-----------|-------|------------|--|--------------|
|  | Land       | Buildings | Total |            |  |              |
| Tanner Island, Dist. Lunenburg, N.S.         |            |           |       | 6 acres    | Lightstation                                   |              |
| Westhaver Island, Dist. Lunenburg, N.S.      |            |           |       | 1 acre     | Lightstation                                   |              |
| West Tronbound Island, Dist. Lunenburg, N.S. |            |           |       | 55 sq. ft. | Used by the Provincial Fishermen's Loan Board. | (Water lot). |
| Near Souris Public Wharf, King's Co. P.E.I.  |            |           |       |            | Lighthouse                                     |              |
| Magog Wharf, Parish of Magog, Que.           |            |           |       |            | Lighthouse                                     |              |
| Magog Wharf, Parish of Magog, Que.           |            |           |       |            | Lighthouse                                     |              |
| Green Point, Magog Canton, Que.              |            |           |       |            | Lighthouse                                     |              |
| Macquereau Pt. Bonaventure, P.Q.             |            |           |       | 4 acres    | Lighthouse Site.                               |              |
| Mayne Island, B.C.                           |            |           |       |            | Fog Signal                                     |              |
| Mayne Island, B.C.                           |            |           |       |            | Lighthouse                                     |              |
| Melocheville, Parish of Melocheville, P.Q.   |            |           |       | 6.48 acres | Lighthouse                                     |              |
| Merry Island, B.C.                           |            |           |       |            | Lighthouse                                     |              |
| Bellenive, Montreal, Que.                    |            |           |       |            | Lighthouse                                     |              |
| Ile Ronde, Montreal, Que.                    |            |           |       |            | Lighthouse                                     |              |
| Ile Ste. Helene, Montreal, Que.              |            |           |       |            | Lighthouse                                     |              |
| Longue-Point, Montreal-Est, Que.             |            |           |       |            | Lighthouse                                     |              |
| Longue-Pointe, Montreal, Que.                |            |           |       |            | Lighthouse                                     |              |
| Tetraulville, Montreal, Que.                 |            |           |       | .77 acre   | Lighthouse                                     |              |
| Tetraulville, Montreal, Que.                 |            |           |       | 3.90 acres | Lighthouse and Fog Alarm Buildings             |              |
| Chance Harbour, Saint John Co., N.B.         |            |           |       |            | and Residence.                                 |              |
| Lepreau, Saint John & Charlotte Co., N.B.    |            |           |       | 1 acre     | Lighthouse.                                    |              |
| Pilot Bay, Nelson, B.C.                      |            |           |       |            | Lighthouse.                                    |              |
| Newport Point, Bonaventure, P.Q.             |            |           |       |            | Lighthouse.                                    |              |
| Nootka, B.C.                                 |            |           |       |            | Fog Alarm Building, Coalshed, Stable.          |              |
| Greenly Island, P.Q.                         |            |           |       |            | Oilstone.                                      |              |
| Beancour, Nicolet Co., Que.                  |            |           |       |            | Lighthouse.                                    |              |
| Ile Perrot, Vaudreuil Co., Que.              |            |           |       |            | Lighthouse.                                    |              |
| Race Rocks, B.C.                             |            |           |       | 9 acres    | Lighthouse.                                    |              |
| Scarlet Pt. B.C., Prince Rupert, B.C.        |            |           |       | 96 acres   | Lighthouse.                                    |              |
| Carmanah Pt., Dist. Renfrew, B.C.            |            |           |       | 158 acres  | Lighthouse.                                    |              |
| Sheringham Pt., Dist. Renfrew, B.C.          |            |           |       | 5.94 acres | Lighthouse.                                    |              |
| Ile Lebel, L'Assomption Co., Que.            |            |           |       |            | Front Lighthouse.                              |              |
| Ile Lebel, L'Assomption Co., Que.            |            |           |       |            | Back Lighthouse.                               |              |
| Repentigny, L'Assomption Co., Que.           |            |           |       |            | Front Lighthouse.                              |              |
| Repentigny, L'Assomption Co., Que.           |            |           |       |            | Back Lighthouse.                               |              |



## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location  | COST VALUE |           | Area          | Purpose   | Remarks   |
|---|------------|-----------|---------------|---|---|
|   | Land       | Buildings |               |   |   |
| Ile Ste. Thérèse, Richelieu-Verchères Co., Que.         |            |           |               | Lower Front Lighthouse.                                 |   |
| Village of Varennes, Richelieu-Verchères Co., Que.      |            |           |               | Lighthouse.   |   |
| Ile Bouchard, Verchères Co., Que.                       |            |           |               | Back Lighthouse.  |   |
| Verchères Village, Verchères Co., Que.                  |            |           |               | Lighthouse (Front).                                     |   |
| Verchères Village, Verchères Co., Que.                  |            |           |               | Lighthouse (Back).                                      |   |
| Verchères Traverse, Verchères Co., Que.                 |            |           |               | Front Lighthouse.                                       |   |
| Verchères Traverse, Verchères Co., Que.                 |            |           |               | Back Lighthouse.  |   |
| Ile Dupas, Co. of Berthier, Que.                        |            |           |               | Front Lighthouse.                                       |   |
| Ile Dupas, Co. of Berthier, Que.                        |            |           |               | Back Lighthouse.  |   |
| Champlain, Co. of Champlain, Que.                       |            |           |               | Front Lighthouse (Old Site).                            |   |
| Victoria Harbour, West Soughees Point.                  |            |           | 0.353 acre.   | Maintaining and Using Wharf at \$225.00 per annum.      | Water lot, leased to B.A. Oil.                              |
| Victoria Harbour, Lot D. and E, B.C.                    |            |           |               |   | Water lot, leased to B.C. Forest Products Ltd.              |
| Victoria Harbour, Lot D. and E., B.C.                   |            |           |               |   | Water lot, leased to B.C. Forest Products Ltd.              |
| Victoria Harbour, front of Lot 1295 and 1927, B.C.      |            |           | 1.437 sq. ft. | Site for Wharf at \$15.00 per annum.                    | Wharf site, leased to B.C. Fuel Co. (New McCall Frontenac). |
| Victoria Harbour, front of and adjoining Lot 1274, B.C. |            |           |               |   | Water lot, leased to B. W. Brown & Sons.                    |
| Ile Perrot, Vaudreuil Co., Que.                         |            |           |               | Lighthouse.   |   |
| Cap Santé, Portneuf Co., Que.                           |            |           |               | Lighthouse.   |   |
| Portneuf, Que.  |            |           |               | Dwelling and Lighthouse.                                |   |
| Portneuf, Que.  |            |           |               | Lighthouse.   |   |
| Bay Du Vin Island, Northumberland Co., N.B.             |            |           |               | Light Tower, Shelter Shed.                              |   |
| Bay Du Vin Island, Northumberland Co., N.B.             |            |           |               | Light Tower.  |   |
| Escuminac Point, Northumberland Co., N.B.               |            |           |               | Light tower, Dwelling, Fog Alarm Plant, Barn, Coalshed. |   |
| Escuminac, Northumberland Co., N.B.                     |            |           |               | Pole Light.   |   |
| Fox Island, Northumberland Co., N.B.                    |            |           |               | Two Lighthouse Towers, Dwellings.                       |   |
| Fox Island, Northumberland Co., N.B.                    |            |           |               | Steal Tower, Cottage, Oilshed, 2 Poles and Huts.        |   |



|   |  |  |  |                              |   |
|---|--|--|--|------------------------------|---|
| Goodfellow Bar, Northumberland Co.,<br>New Brunswick. |  |  |  |                              | Pole Light and Shelter Shed.....            |
| Grandoon Flats, Northumberland Co.,<br>N.B.           |  |  |  |                              | Combined Light and Dwelling, Oil-<br>house. |
| Grandoon Flats, Northumberland Co.,<br>N.B.           |  |  |  |                              | Light Tower, Boathouse.....                 |
| Grant Beach, Northumberland, N.B.                     |  |  |  |                              | Light Tower.....                            |
| Grant Beach, Northumberland Co., N.B.                 |  |  |  | 1,600 sq. ft.                | Light Tower.....                            |
| Legget Shoal, Northumberland Co., N.B.                |  |  |  | 1,600 sq. ft.                | Pole Light.....                             |
| Oak Point, Northumberland Co., N.B.                   |  |  |  |                              | Light Tower.....                            |
| Oak Point, Northumberland Co., N.B.                   |  |  |  |                              | Light Tower.....                            |
| Lower Neguac Wharf, Northumberland<br>Co., N.B.       |  |  |  | 2,500 sq. ft.                | Light Tower.....                            |
| Lower Neguac Wharf, Northumberland<br>Co., N.B.       |  |  |  | 2,500 sq. ft.                | Light Tower, (Back).....                    |
| Preston Beach, Northumberland Co., N.B.               |  |  |  |                              | Light Tower, (Back).....                    |
| Preston Beach, Northumberland Co., N.B.               |  |  |  |                              | Lighthouse Tower (Front).....               |
| Sheldrake Island, Northumberland Co.,<br>N.B.         |  |  |  |                              | Light Tower (Back).....                     |
| Sheldrake Island, Northumberland Co.,<br>N.B.         |  |  |  |                              | Light Tower (Front), Cottage.....           |
| St. Andrew Bank, Northumberland Co.,<br>N.B.          |  |  |  |                              | Pole Light, Back Light.....                 |
| St. Andrew Bank, Northumberland Co.,<br>N.B.          |  |  |  |                              | Pole Light and Shed. Front Light.....       |
| Oak Point, Bonaventure, P.Q.                          |  |  |  | 2,500 sq. ft.                | Back Light (Range).....                     |
| Oak Point, Bonaventure, P.Q.                          |  |  |  | 2,500 sq. ft.                | Front (Range).....                          |
| Oka Point, Parish of L'Annonciation d'Oka,<br>Quebec  |  |  |  |                              | Lighthouse.....                             |
| Owls Head, Halifax Co., N.S.                          |  |  |  | 49 acres                     | Combined Light and Dwelling, Wood.          |
| Flat Point, Cape Breton Co., N.S.                     |  |  |  | 10 acres                     | Light and Fog Alarm Station.....            |
| Gabarus, Cape Breton Co., N.S.                        |  |  |  | 1 acre                       | Light.....                                  |
| Little Lorraine, Cape Breton Co., N.S.                |  |  |  | 50 acres                     | Light.....                                  |
| Louisburg, Cape Breton Co., N.S.                      |  |  |  | 1/2 acre                     | Light and Fog Alarm Station.....            |
| Louisburg, Cape Breton Co., N.S.                      |  |  |  | 2 Lots 2,500 sq.<br>ft. each | Range Lights.....                           |
| Mainadieu, Cape Breton Co., N.S.                      |  |  |  | 16 acres                     | Combined Light and Dwelling.....            |
| Point Clear, Cape Breton, Co., N.S.                   |  |  |  | 11,500 sq. ft.               | Light.....                                  |
| Rocheford Point, Cape Breton Co., N.S.                |  |  |  | 2 Lots 2,500 sq.<br>ft. each | Range Lights.....                           |
| Scatari, Cape Breton Co., N.S.                        |  |  |  | 10 acres                     | Lightstation.....                           |
| Sydney Bar, Cape Breton, N.S.                         |  |  |  | Sand Bar                     | Rangelights.....                            |
| Sydney, Cape Breton Co., N.S.                         |  |  |  | 1 acre                       | Lighthouse.....                             |
| Cap d'Espoir Co., Bonaventure, Quebec.                |  |  |  |                              | Lighthouse (Back).....                      |
| Cap De La Madeleine Village, Quebec.                  |  |  |  |                              | Lighthouse (Back).....                      |
| Cap De La Madeleine Wharf, Champlain<br>Co., Quebec.  |  |  |  |                              | Lightstation.....                           |
| Cape Negro Island, N.S.                               |  |  |  | 22 acres                     | Lighthouse.....                             |
| Cadastre Parish, Cap Des Rosiers Co.,<br>Gaspé, P.Q.  |  |  |  |                              | Lighthouse.....                             |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location   | COST VALUE |           |       | Area         | Purpose   | Remarks |
|--|------------|-----------|-------|--------------|---|---------|
|  | Land       | Buildings | Total |              |   |         |
| Cadastre Parish, Cap Des Rosiers Co., Gaspé, Quebec. |            |           |       |              | Lighthouse.   |         |
| Baie Carillon, Carillon Parish, P.Q.                 |            |           |       |              | Lighthouse (Back)   |         |
| Baie Carillon, Carillon Parish, P.Q.                 |            |           |       |              | Lighthouse (Front)  |         |
| Carleton Canton, Bonaventure, P.Q.                   |            |           |       | 3.93 acres   | Lighthouse.   |         |
| Chambly Bassin, Chambly Co., P.Q.                    |            |           |       |              | Lighthouse (Front)  |         |
| Chambly Bassin, Chambly Co., P.Q.                    |            |           |       |              | Lighthouse (Back)   |         |
| Chambly Canton, Chambly Co., P.Q.                    |            |           |       |              | Lighthouse (Front)  |         |
| Chambly Canton, Chambly Co., P.Q.                    |            |           |       |              | Lighthouse (Back)   |         |
| Champlain, Visitation de Champlain Parish P.Q.       |            |           |       |              | Lighthouse (Upper front)  |         |
| Champlain, Visitation de Champlain Parish, P.Q.      |            |           |       |              | Lighthouse (Upper back)   |         |
| Champlain, Champlain Parish, P.Q.                    |            |           |       |              | Lighthouse (Lower Front)  |         |
| Champlain, Visitation de Champlain, Parish, P.Q.     |            |           |       |              | Lighthouse (Lower Back)   |         |
| Brighton, Charlottetown, P.E.I.                      |            |           |       | 60 ft. sq.   | Lighthouse Tower (Front)  |         |
| Brighton, Charlottetown, P.E.I.                      |            |           |       |              | Lighthouse Tower (Back)   |         |
| Charlottetown, P.E.I.                                |            |           |       |              | Wharf and Buildings.  |         |
| Charlottetown, P.E.I.                                |            |           |       | 1, 14 acres. | Site for Pump House.  |         |
| East Iron Bound Island, District of Chester, N.S.    |            |           |       | 1 acre.      | Lighthouse, Dwelling Attached.                                  |         |
| New Harbour, District of Chester, N.S.               |            |           |       | 1½ acres.    | Lightstation.   |         |
| Felton, District of Chester, N.S.                    |            |           |       |              | South Pole Light.   |         |
| Eastern Harbour, Cheticamp Village, N.S.             |            |           |       |              | Lighthouse Tower.   |         |
| Ciboux Island, N.S.                                  |            |           |       | 2.5 acres.   | Lightstation.   |         |
| Brier Island, Digby Co., N.S.                        |            |           |       | 5 acres.     | Lighthouse Tower, Fog-Alarm, 2 Residences, Sheds, etc.          |         |
| Cape St. Mary, Digby Co., N.S.                       |            |           |       | 1-125 acres. | Lighthouse Tower, Residence, Fog-Alarm, Barn and Oilshed.       |         |
| Church Point, Digby Co., N.S.                        |            |           |       | .6 acre.     | Lighthouse Tower and Residence Combined                         |         |
| Grand Passage, Digby Co., N.S.                       |            |           |       | 65 acres.    | Lighthouse Tower, Bell Tower and Stand, Residence, etc.         |         |
| Peter Island, Digby Co., N.S.                        |            |           |       | .5 acres.    | Lighthouse Tower, Residence, Oil Shed, Wood Shed and Boathouse. |         |

Leased by Maritime Electric Co. Charlottetown, P.E.I.—\$15.00 P.A.

|   |  |              |  |  |  |
|---|--|--------------|--|--|--|
| Clayoquot, B.C.   | Clayoquot Lifeboat Service.                              | 10.8 acres.  |  |  | Water lot, leased to Burns & Co. Ltd.              |
| Clayoquot, B.C. (Amphitrite Pt.)  | Lighthouse.  | 0.24 acre    |  |  | Leased to Edward Le Bus.                           |
| Victoria Harbour, fronting Lot 127 B.C.   | Building and Repairing at \$40.00 per annum.             |              |  |  | Water lots, leased to C.N.R.                       |
| Victoria Harbour, B.C.  | Unloading Coal at \$100.00 per annum.                    | 0.27 acre    |  |  | Leased to Canadian Pacific Railways                |
| Victoria Harbour, Selkirk Waters, B.C.  |  |              |  |  | Leased to C.P.R.                                   |
| Victoria Harbour, fronting City Lots Nos. 890A, to 895A (incl.), 502A to 505A (incl.) and 539A to 541 (incl.) James Bay, B.C. |  |              |  |  | Leased to C.P.R.                                   |
| Victoria Harbour, 1 at St. John N. and Menzies Sts., and 1 between Pendray and Oswego Sts., B.C.                              |  |              |  |  | Leased to Canadian Puget Sound Lumber & Timber Co. |
| Victoria Harbour, 6 lots and 8 water lots fronting Oswego, Menzies and Pendray Sts., Victoria Harbour, B.C.                   |  |              |  |  | Leased to Canadian Puget Sound Lumber & Timber Co. |
| Victoria Harbour, abutting on lots 137, 138, 216, 217, 218, 219, 220, 222 and 1364, B.C.                                      | Use of Wharf at \$230 per annum.                         | 0.46 acre    |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, abutting on Lots 134, 135, 136, B.C.  | Shingle Mill and Dry Kiln at \$425.00 per annum.         | 4.26 acres   |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, 3 lots in bed of Portage Inlet, B.C.  |  |              |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, lot 7 in bed of Portage Inlet, B.C.   |  |              |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, portion lots 1, 2 and 3, Portage Inlet, B.C.  |  |              |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, Portage Inlet, B.C.   |  |              |  |  | Leased to Dalziel Box Co.                          |
| Victoria Harbour, Esquimalt Dist. B.C.  | Lights   | 4.32 acres   |  |  | Leased to Joseph Falconer Ltd.                     |
| Victoria Harbour, between Lots 1284 and 5, B.C.   | Construction at \$750.00 per annum.                      | 2.02 acres   |  |  | Leased to Home Oil Distributors Limited.           |
| Victoria Harbour, Huron St., B.C.   | Extension of wharf at \$20.00 per annum.                 | 0.34 acre.   |  |  | Leased to Home Oil Distributors Limited.           |
| Victoria Harbour, adjoining 30 B. Farm, B.C.  | Pipe Line privileges at \$10.00 per annum and Gallonage. |              |  |  | Leased to Imperial Oil Ltd.                        |
| Victoria Harbour, B.C.  | Pipe Line privileges at \$10.00 per annum and Gallonage. |              |  |  | Leased to Island Tug and Barge Limited             |
| Victoria Harbour, B.C.  | Dock Facilities at \$75.00 per annum.                    | 0.52 acre.   |  |  | Leased to Kelly, Douglas Ltd.                      |
| Victoria Harbour, B.C.  | Site for wharf at \$60.00 per annum.                     | 0.15 acre.   |  |  | Leased to Kingham-Gillespie Coal Co.               |
| Victoria Harbour, adjoining Lots 109, 110 and 111, B.C.   |  |              |  |  | Leased to Manning Lumber Mills Ltd.                |
| Victoria Harbour, Lot 13 and 14, B.C.   |  |              |  |  |  |
| Victoria Harbour, front of lots 116, 131 and 132, Parcel A of Lot 133, B.C.   | Wharf and Storage at \$200.00 per annum                  | 1.003 acres. |  |  |  |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location   | COST VALUE |           |       | Area                  | Purpose  | Remarks   |
|--|------------|-----------|-------|-----------------------|--|---|
|  | Land       | Buildings | Total |                       |  |   |
| Victoria Harbour, fronting Lot 6 and lots 2, 3 and 4, B.C.         |            |           |       | 0.244 acre.           | Site for saw mill at \$15.00 per annum.                              | Leased to Moore-Whittington Limited.  |
| Ogden Point, Victoria, B.C.  |            |           |       | 24181 s.f.            | Lighthouse and Fog Alarm Marine railway & Slip at \$75.00 per annum. | Leased to Point Hope Shipyards Limited.   |
| Victoria Harbour, Lot 9, B.C.                                      |            |           |       |                       |  | Leased to Selkirk Lum-ber Co.   |
| Victoria Harbour, Selkirk Water Land.                              |            |           |       |                       |  | Leased to P. G. Sills Water lot, leased to Society of the Order of the Love of Jesus. |
| Victoria Harbour, Lot 1, Sec. 4, B.C.                              |            |           |       | 0.36 acre.            | Site for Wharf at \$100.00 per annum.                                | Leased to Standard Oil Co.  |
| Victoria Harbour, West Bay, B.C.                                   |            |           |       |                       |  | Leased to Taylor Mills Co. Ltd.   |
| Victoria Harbour, Rem. of Lot 11 and Pt. Lot 11, B.C.              |            |           |       | 0.83 acre.            | Proposed Wharf at \$155.00 per annum.                                | Leased to Victoria Dock Co. Ltd.  |
| Victoria Harbour, Rock Bay, B.C.                                   |            |           |       | 0.49 acre.            | Wharf for ferries at \$800.00 per annum.                             | Leased to Victoria Gas Co. Ltd.   |
| Victoria Harbour, Lots 5 and 6, B.C.                               |            |           |       | 0.36 acre.            | Site for Wharf at \$64.30 per annum.                                 | Leased to Victoria Gas Co. Ltd.   |
| Victoria Harbour, Rock Bay, B.C.                                   |            |           |       | 0.12 acre.            | Water Cooling Tower at \$50.00 per annum.                            | Leased to Victoria Gas Co. Ltd.   |
| Victoria Harbour, Rock Bay, B.C.                                   |            |           |       | 0.91 acre.            | Construction of vessels at \$160.00 per annum.                       | Leased to Victoria Machinery Depot.   |
| Victoria Harbour, south of Lots 4 and 5 B.C.                       |            |           |       | 0.59 acre.            | Storing purposes at \$52.00 per annum.                               | Leased to Foster (Victoria Motor Boat and Repair Works).                              |
| Victoria Harbour, front of Lots 17 and 18, all lot 17 and 18, B.C. |            |           |       |                       |  |   |
| Blackrock Point, Co. Victoria, N.S.                                |            |           |       | 3 acres.              | Light Station.   |   |
| Cape North, Co. Victoria, N.S.                                     |            |           |       | 68 acres.             | Light and Fog Alarm  |   |
| Great Bras D'Or, Co. Victoria, N.S.                                |            |           |       | $\frac{1}{2}$ acre.   | Range Lights.  |   |
| Ingonish Harbour, Co. Victoria, N.S.                               |            |           |       |                       | Light.   |   |
| S. Ingonish Harbour, Co. Victoria, N.S.                            |            |           |       |                       | Light.   |   |
| Iona, Co. Victoria, N.S.   |            |           |       | $\frac{1}{2}$ acre.   | Light Station.   |   |
| Gillis Point, Co. Victoria, N.S.                                   |            |           |       | 10 acres.             | Light Station.   |   |
| Kidston, Island Co. Victoria, N.S.                                 |            |           |       | 3600 s.f.             | Light Station.   |   |
| Little Bras D'Or, Co. Victoria, N.S.                               |            |           |       | 1 acre.               | Range Lights.  |   |
| Little Narrows, Co. Victoria, N.S.                                 |            |           |       |                       | Light Station.   |   |
| McKenzie Point, Co. Victoria, N.S.                                 |            |           |       | $1\frac{1}{2}$ acres. | Light Tower.   |   |
| Mackinnon Harbour, Co. Victoria, N.S.                              |            |           |       |                       | Light.   |   |



|   |  |  |                    |   |
|---|--|--|--------------------|---|
| Man of War Point, Co. Victoria, N.S.                        |  |  |                    | Light Tower                               |
| McNeil Beach, Co. Victoria, N.S.                            |  |  |                    | Light                                     |
| Munro Point, Co. Victoria, N.S.                             |  |  | $\frac{1}{2}$ acre | Light                                     |
| Neil Harbour, Co. Victoria, N.S.                            |  |  | $\frac{1}{2}$ acre | Light                                     |
| Otter Harbour, Co. Victoria, N.S.                           |  |  | 2400 s.f.          | Range Lights                              |
| St. Ann Harbour, Co. Victoria, N.S.                         |  |  |                    | Light                                     |
| White Point, Co. Victoria, N.S.                             |  |  | $\frac{1}{2}$ acre | Light                                     |
| Thrum Cap Is., Mary-Joseph Hbr. N.S.                        |  |  | $\frac{1}{2}$ acre | Light                                     |
| Trial Island, B.C.  |  |  | 35 acres           | Lighthouse                                |
| Estevan Pt., B.C.   |  |  | 83 acres           | Lighthouse                                |
| Cloridorme Parish, Gaspé Co., Que.                          |  |  |                    | Front Light (Range)                       |
| Cloridorme Parish, Gaspé Co., Que.                          |  |  |                    | Back Light (Range)                        |
| Bass River, Colchester Co., N.S.                            |  |  | .057 acre          | Lighthouse Tower                          |
| Five Islands, Colchester Co., N.S.                          |  |  | 2-132 acres        | Lighthouse Tower                          |
| Highland Village, Colchester Co., N.S.                      |  |  | 1-41 acres         | Mast and Shed                             |
| Portapique, Colchester Co., N.S.                            |  |  | .761 acre          | Lighthouse Tower                          |
| Comox, B.C.   |  |  | .10 acre           | Range Lights                              |
| Contrecoeur Course, Contrecoeur Parish, Que.                |  |  |                    | Lighthouse (Back)                         |
| Contrecoeur Course, Vercheres Co., Contrecoeur Parish, Que. |  |  |                    | Lighthouse (Front)                        |
| Contrecoeur-Vercheres, Vercheres Co., P.Q.                  |  |  |                    | Lighthouse (Back)                         |
| Contrecoeur-Vercheres, Vercheres Co., P.Q.                  |  |  |                    | Lighthouse (Front)                        |
| Ile St-Ours Course, Vercheres Co., P.Q.                     |  |  |                    | Lighthouse (Front)                        |
| Ile St-Ours Course, Vercheres Co., P.Q.                     |  |  |                    | Lighthouse (Back)                         |
| Contrecoeur Traverse, Vercheres Co., P.Q.                   |  |  |                    | Lighthouse (Back)                         |
| Contrecoeur Traverse, Vercheres Co., P.Q.                   |  |  |                    | Lighthouse (Front)                        |
| Contrecoeur Village, Vercheres Co., P.Q.                    |  |  |                    | Lighthouse (Front)                        |
| Contrecoeur Village, Vercheres Co., P.Q.                    |  |  |                    | Lighthouse (Back)                         |
| Petite Traverse, Vercheres Co., P.Q.                        |  |  |                    | Lighthouse (Back)                         |
| Petite Traverse, Vercheres Co., P.Q.                        |  |  |                    | Lighthouse (Front)                        |
| Outhouse Point, Albert Co., N.B.                            |  |  | .037 acre          | Lighthouse (Back)                         |
| Deek Island, B.C.   |  |  |                    | Lighthouse Tower                          |
| Advocate Harbour, Cumberland Co., N.S.                      |  |  | 2 acres            | Lighted Beacon                            |
|   |  |  |                    | Lighthouse Tower and Residence Combined.  |
| Apple River, Cumberland Co., N.S.                           |  |  | 17-9 acres         | Residence, Fog Alarm and Lighthouse Tower |
| Biglow Point, Cumberland Co., N.S.                          |  |  | $\frac{1}{2}$ acre | Back Light                                |
| Biglow Point, Cumberland Co., N.S.                          |  |  |                    | Lighthouse Tower (Front)                  |
| Cape d'Or, Cumberland Co., N.S.                             |  |  | .16 acre           | Residence, Lighthouse Tower and Fog Alarm |
| Cape Sharp, Cumberland Co., N.S.                            |  |  | 3-5 acres          | Fog Alarm, Residence and Storehouse       |
| Coldspring Head, Cumberland Co., N.S.                       |  |  | 1 acre             | Lighthouse Tower                          |
| Steven Point, Cumberland Co., N.S.                          |  |  |                    | Lighthouse Tower (Front)                  |
| Steven Point, Cumberland Co., N.S.                          |  |  |                    | Lighthouse Tower (Back)                   |
| Eatonville, Cumberland Co., N.S.                            |  |  | .27 acre           | Light                                     |
| Mullins Point, Cumberland Co., N.S.                         |  |  | $\frac{1}{2}$ acre | Lighthouse Tower (Front)                  |
| Papineauville, Que.   |  |  |                    | Back Lighthouse                           |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location                                | Cost Value |           |       | Area          | Purpose                                   | Remarks |
|---|------------|-----------|-------|---------------|---|---------|
|   | Land       | Buildings | Total |               |   |         |
| Papineauville, Que.                     |            |           |       |               | Front Lighthouse.                         |         |
| Pearl Island, N.S.                      |            |           |       | 2 acres.      | Lighthouse.                               |         |
| Bliss Island, Co. Charlotte, N.S.       |            |           |       | 5-88 acres.   | Lighthouse, Residence, Boat House.        |         |
| Drews Head, Co. Charlotte, N.S.         |            |           |       | 1 acre.       | Lighthouse, Residence, Barn.              |         |
| Pea Point, Co. Charlotte, N.S.          |            |           |       | 5 acres.      | Lighthouse, Residence and Fog Alarm.      |         |
| Perce, Bonaventure Co., Que.            |            |           |       |               | Lighthouse.                               |         |
| Pine Island, Coast District, B.C.       |            |           |       |               | Back Lighthouse.                          |         |
| Pointe-Du-Lac, St. Maurice Co., Que.    |            |           |       | 1 acre.       | Light and Dwelling.                       |         |
| Amet Island, Co. Pictou, N.S.           |            |           |       | 2 acres.      | Light, Dwelling, Oilhouse, Fog Alarm.     |         |
| Caribou Island, Co. Pictou, N.S.        |            |           |       | 180 acres.    |   |         |
| East River, Co. Pictou, N.S.            |            |           |       |               |   |         |
| Pictou Island, Co. Pictou, N.S.         |            |           |       | 60 sq. ft.    | Lighthouse.                               |         |
| Pictou Island, Co. Pictou, N.S.         |            |           |       | 2 acres.      | Light, Dwelling, Oilhouse.                |         |
| Pictou Island, Co. Pictou, N.S.         |            |           |       | 2 acres.      | Light, Dwelling, Oilhouse, Boathouse.     |         |
| Pictou Harbour, Co. Pictou, N.S.        |            |           |       | 60 ft.        | Front Light.                              |         |
| Pictou Harbour, Co. Pictou, N.S.        |            |           |       | 60 ft.        | Back Light.                               |         |
| Point Peter, Co. Bonaventure, Que.      |            |           |       |               | Lighthouse.                               |         |
| Port Daniel West, Co. Bonaventure, Que. |            |           |       | 4 1/10 acres. | Lighthouse.                               |         |
| Portlock Pass, B.C.                     |            |           |       | 7 acres.      | Lighthouse.                               |         |
| Portlock Pt., B.C.                      |            |           |       |               | Back Lighthouse.                          |         |
| Cap Sante, Co. Portneuf, Que.           |            |           |       |               | Lighthouse.                               |         |
| Lead Mines, Co. Brome, Que.             |            |           |       | 3 acres.      | Lighthouse.                               |         |
| Cape Egmont, Co. Prince, P.E.I.         |            |           |       | 10 acres.     | Light, Dwelling, Oilhouse, Stable.        |         |
| Cascompeque, Co. Prince, P.E.I.         |            |           |       |               | Front Light.                              |         |
| Darnley Point, Co. Prince, P.E.I.       |            |           |       | 40 sq. ft.    | Back Light.                               |         |
| Darnley Point, Co. Prince, P.E.I.       |            |           |       |               | Main Light, Dwelling, Woodshed, Oilhouse. |         |
| Fish Island, Co. Prince, P.E.I.         |            |           |       |               | Inner Range, Lighthouse.                  |         |
| Fish Island, Co. Prince, P.E.I.         |            |           |       |               | Outer Range, Lighttower.                  |         |
| Little Channel, Co. Prince, P.E.I.      |            |           |       |               | Back Light.                               |         |
| Little Channel, Co. Prince, P.E.I.      |            |           |       |               | Front Light.                              |         |
| Miminegash, Co. Prince, P.E.I.          |            |           |       | 60 sq. ft.    | Back Light.                               |         |
| Northport, Co. Prince, P.E.I.           |            |           |       |               | Front Light.                              |         |
| Mullins Point, Cumberland Co., N.S.     |            |           |       | 1 acre.       | Light Tower and Dwelling, Oilhouse.       |         |
| Parrsboro, Cumberland Co., N.S.         |            |           |       | 1-7 acres.    | Fog Alarm and Dwelling Combined, Oilshed. |         |

Water lot, leased to Logan &amp; MacLeod.

|  |               |  |  |
|--|---------------|--|--|
| Port Greville, Cumberland Co., N.S.                            | 101 acre.     | Tower and Mast, Shed, Range Lights.            | Water Lot leased to Mr. J. R. Allan—\$5.00 P.A.  |
| Pugwash, Cumberland Co., N.S.                                  | 1/4 acre.     | Main Light and Dwelling.                       |  |
| Pugwash Harbour, Cumberland Co., N.S.                          | 7,515 sq. ft. | Wharf.   |  |
| Shulie, Cumberland Co., N.S.                                   | 1.23 acres.   | Lighthouse Tower.                              | Water Lot leased to Department of Highways, N.S. |
| Wallace Harbour, Cumberland Co., N.S.                          |               |  |  |
| Wallace Harbour, Cumberland Co., N.S.                          |               |  |  |
| Wallace Harbour, Cumberland Co., N.S.                          |               |  | Water Lot, leased by Arsenault & Delaney.        |
| Ballenas Island, B.C.  | 3,600 sq. ft. | Lighthouse Tower (Front)                       |  |
| Ash Island, St. Thomas Parish, Que.                            | 3,600 sq. ft. | Lighthouse Tower (Back)                        |  |
| St-Denis Wharf, Richelieu Co., Que.                            | 3.2 acres     | Lighthouse.                                    |  |
| St-Denis Wharf, Richelieu Co., Que.                            |               | Lighthouse.                                    |  |
| St-Antoine Course, St-Hyacinthe Co., P.Q.                      |               | Lighthouse.                                    |  |
| St-Antoine Course, St-Hyacinthe Co., P.Q.                      |               | Lighthouse (Front)                             |  |
| St-Emelie, Quebec Co., Que.                                    |               | Lighthouse (Back)                              |  |
| St. Esprit Island, N.S.  |               | Lighthouse (Front)                             |  |
| Pointe Citrouille, Champlain Co., Que.                         | 3 acres       | Lighthouse (Back)                              |  |
| Ile-Aux-Raisins, Yamaska Co., Que.                             |               | Lighthouse (Front)                             |  |
| Ile-Aux-Raisins, Yamaska Co., Que.                             |               | Lighthouse (Back)                              |  |
| Letite, Charlotte Co., N.B.                                    | 2.5 acres.    | Residence, Fog-Alarm and Lighthouse Buildings. |  |
| Midjik Bluff, Charlotte Co., N.B.                              |               | Lighthouse Tower.                              |  |
| St. George de Malby, Bonaventure Co., P.Q.                     | .5 acre.      | Back Light (Range).                            |  |
| St. George de Malbay, Bonaventure Co., P.Q.                    |               | Front Light (Range).                           |  |
| Ile Aux Sabies, Berthier Co., Que.                             |               | Lighthouse (Lower Front)                       |  |
| Ile Aux Sabies, Berthier Co., Que.                             |               | Lighthouse (Upper Front)                       |  |
| Ile-Aux-Sabies, Berthier Co., Que.                             |               | Lighthouse (Upper and Lower Back)              |  |
| Nicolet River, Parish of St-Jean Baptiste de Nicolet, Que.     |               | Lighthouse (Back).                             |  |
| Nicolet Traverse, Parish of St. Jean Baptiste de Nicolet, Que. |               | Lighthouse (Front).                            |  |
| Nicolet River, Parish of St-Jean Baptiste de Nicolet, Que.     |               | Lighthouse (Front).                            |  |
| Ile-Aux-Cerfs, Vercheres Co., Que.                             | 5 acres.      | Lighthouse (Front)                             |  |
| Ile-Aux-Cerfs, Vercheres Co., Que.                             |               | Lighthouse (Back)                              |  |
| Northport, Co. Prince, P.E.I.                                  | 2 acres.      | Back Light.                                    |  |
| North Point, Co. Prince, P.E.I.                                | 14 acres.     | Light.   |  |
| Sea Cow, Co. Prince, P.E.I.                                    | 60 sq. ft.    | Head Light, Dwelling.                          |  |
| Summerside, Co. Prince, P.E.I.                                 | 6,890 sq. ft. | Back Light.                                    |  |
| Summerside, Co. Prince, P.E.I.                                 |               |  |  |
| West Point, Co. Prince, P.E.I.                                 | 100 sq. ft.   | Main Light, Dwelling, Oilhouse.                |  |
| Wright's Range, Co. Prince, P.E.I.                             |               | Front Light.                                   |  |
| Wright's Range, Co. Prince, P.E.I.                             |               | Back Light.                                    |  |
| Seal Cove, City Prince Rupert, B.C.                            |               | Buildings and Station Workshops.               |  |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location  | COST VALUE |           |       | Area       | Purpose                                      | Remarks |
|---|------------|-----------|-------|------------|--|---------|
|   | Land       | Buildings | Total |            |  |         |
| Pulteney Pt., Malcolm Island, B.C.              |            |           |       | 7 acres.   | Lighthouse.                                  |         |
| Brush Wharf, Co. Queen's, P.E.I.                |            |           |       | 40 sq. ft. | Ranges.                                      |         |
| Birch Point, Co. Queen's, P.E.I.                |            |           |       | 30 sq. ft. | Front Light.                                 |         |
| Birch Point, Co. Queen's, P.E.I.                |            |           |       | 30 sq. ft. | Back Light.                                  |         |
| Cape Tryon, Co. Queen's, P.E.I.                 |            |           |       | 1 acre.    | Light, Dwelling, Oilhouse.                   |         |
| Carter's Island, Co. Queen's, P.E.I.            |            |           |       | 130 acres. | Lighthouse.                                  |         |
| Coffin Island, Co. Queen's, P.E.I.              |            |           |       | 40 sq. ft. | Front Light.                                 |         |
| Douse Point, Co. Queen's, P.E.I.                |            |           |       | 40 sq. ft. | Back Light.                                  |         |
| Douse Point, Queen's Co., P.E.I.                |            |           |       | 40 sq. ft. | Front Light.                                 |         |
| Fort Point, Co. Queen's, P.E.I.                 |            |           |       | 60 sq. ft. | Back Light.                                  |         |
| Haszard Point, Co. Queen's, P.E.I.              |            |           |       | 66 sq. ft. | Front Light.                                 |         |
| Haszard Point, Co. Queen's, P.E.I.              |            |           |       | 2 acres.   | Back Light.                                  |         |
| Leard's, Co. Queen's, P.E.I.                    |            |           |       | 1 acre.    | Lighthouse.                                  |         |
| Leard's, Co. Queen's, P.E.I.                    |            |           |       | 1 acre.    | Lighthouse.                                  |         |
| Little Hope Island, Co. Queen's, P.E.I.         |            |           |       | 30 sq. ft. | Back Light.                                  |         |
| Medway Head, Co. Queen's, P.E.I.                |            |           |       | 30 sq. ft. | Main Light, Dwelling.                        |         |
| Medway Harbour, Co. Queen's, P.E.I.             |            |           |       | 30 sq. ft. | Inner Front Light.                           |         |
| New London, Co. Queen's, P.E.I.                 |            |           |       | 5 acres.   | Inner Back Light.                            |         |
| North Rustico, Co. Queen's, P.E.I.              |            |           |       | 5 acres.   | Light, Dwelling, Oilhouse.                   |         |
| Pinette, Co. Queen's, P.E.I.                    |            |           |       |            | Lighthouse.                                  |         |
| Pinette, Co. Queen's, P.E.I.                    |            |           |       | 1 acre.    | Lighthouse.                                  |         |
| Point Prim, Co. Queen's, P.E.I.                 |            |           |       | 6 acres.   | Fog Alarm.                                   |         |
| Port Mouton, Co. Queen's, P.E.I.                |            |           |       | 40 sq. ft. | Back Light.                                  |         |
| St. Peter's Island, Co. Queen's, P.E.I.         |            |           |       | 7.5 acres. | Lighthouse.                                  |         |
| Western Head, Co. Queen's, P.E.I.               |            |           |       | 4 acres.   | Residence and Lighthouse Tower Combined.     |         |
| Warren Farm, Co. Queen's, P.E.I.                |            |           |       |            | Residence, Fog Alarm, Lighthouse Tower, etc. |         |
| St. Marc Point, Richelieu Co., Que.             |            |           |       |            | Light.                                       |         |
| Martin, St. John Co., N.B.                      |            |           |       | 50 acres.  | Light and F.A. Station.                      |         |
| Quaco, Saint John Co., N.B.                     |            |           |       |            | Fixed Light.                                 |         |
| Fisherman Harbour, District of St. Mary's, N.S. |            |           |       |            | Front Light (Range).                         |         |
| Port Bickerton, District of St. Mary's, N.S.    |            |           |       |            | Back Light (Range).                          |         |
| Budget, District of St. Mary's, N.S.            |            |           |       |            |  |         |
| St. Maurice de L'Echourie, Fox River, Que.      |            |           |       |            |  |         |
| St. Maurice de l'Echourie, Co. Gaspe, Que.      |            |           |       |            |  |         |



|   |  |  |            |  |
|---|--|--|------------|--|
| St. Nicholas, Que.                                      |  |  |            | Signal Station                               |
| St. Nicolas, Co. Levis, Que.                            |  |  |            | Front Light (Range)                          |
| St. Nicolas, Co. Levis, Que.                            |  |  |            | Back Light (Range)                           |
| Cardinal Traverse, Richelieu Co., Que.                  |  |  |            | Lighthouse                                   |
| Cardinal Traverse, Richelieu Co., Que.                  |  |  |            | Lighthouse                                   |
| Ile Deschailions, Richelieu Co., Que.                   |  |  |            | Lighthouse (Back)                            |
| Ile Deschailions, Richelieu Co., Que.                   |  |  |            | Lighthouse (Front)                           |
| Laperle Course, Richelieu Co., Que.                     |  |  |            | Lighthouse (Back)                            |
| Laperle Course, Richelieu Co., Que.                     |  |  |            | Lighthouse (Front)                           |
| Laplante Traverse, Richelieu Co., Que.                  |  |  |            | Lighthouse (Back)                            |
| Laplante Traverse, Richelieu Co., Que.                  |  |  |            | Lighthouse (Back)                            |
| St. Ours Lock, Richelieu Co., Que.                      |  |  |            | Lightstation                                 |
| St. Pauls Island, N.S.                                  |  |  | 3 acres    | Light and F. A. Station                      |
| St. Pauls Island, N.S.                                  |  |  |            | Lighthouse                                   |
| St. Pierre-les-Becquets, Nicolet Co., Que.              |  |  |            | Lighthouse                                   |
| St. Pierre-les-Becquets, Nicolet Co., Que.              |  |  |            | Lighthouse (Back)                            |
| St. Placide, Municipality of St. Placide, Que.          |  |  |            | Lighthouse (Front)                           |
| Laperle Course, Parish of St. Roch-de-Richelieu, Que.   |  |  |            | Lighthouse (Back)                            |
| Laperle Course, Parish of St-Roch-de-Richelieu, Que.    |  |  |            | Lighthouse (Front)                           |
| St. Onge Traverse, Parish of St-Roch-de-Richelieu, Que. |  |  |            | Lighthouse (Back)                            |
| St-Onge Traverse, Parish of St-Roch-de-Richelieu, Que.  |  |  |            | Lighthouse (Front)                           |
| St-Ours Lock, Parish of St-Roch-de-Richelieu, Que.      |  |  |            | Lighthouse (Front)                           |
| Warren Farm, Co. Queen's, P.E.I.                        |  |  | 40 sq. ft. | Front Light                                  |
| Wood Island, Co. Queen's, P.E.I.                        |  |  | 1 acre     | Main Light, Dwelling, Oilhouse.              |
| Cox Point, Queen's Co., N.B.                            |  |  | .88 acre   | Light  |
| Fanjoy Point, Queen's Co., N.B.                         |  |  | .5 acre    | Light  |
| McMann Point, Queen's Co., N.B.                         |  |  | .79 acre   | Light  |
| McMann Point, Queen's Co., N.B.                         |  |  | .038 acre  | Light  |
| Wedge Island, N.S.                                      |  |  | 3 acres    | Lightstation                                 |
| Wendover, Plantagenet Nord, Ont.                        |  |  |            | Front Light                                  |
| Bayswater, King's Co., N.B.                             |  |  | .08 acre   | Lighthouse                                   |
| Belyea Point, King's Co., N.B.                          |  |  | .71 acre   | Lighthouse                                   |
| McColgan Point, King's Co., N.B.                        |  |  | .22 acre   | Lighthouse                                   |
| Sand Point, King's Co., N.B.                            |  |  | .79 acre   | Steel Tower and Light                        |
| Leonardville, Charlotte Co., N.B.                       |  |  | .13 acre   | Lighthouse                                   |
| Fort Monckton, Co. Westmorland, N.B.                    |  |  | 1 acre     | Lighthouse                                   |
| Musquash Island, Queen's Co., N.B.                      |  |  | .09 acre   | Lighthouse                                   |
| Wolfville, King's Co., N.S.                             |  |  | .287 acre  | Lighthouse                                   |
| Bunker Island, Yarmouth Co., N.S.                       |  |  | 2 acres    | Lighthouse                                   |
| Cape Fourchu, Yarmouth Co., N.S.                        |  |  | 9.25 acres | Residence, Lighthouse and Fog Alarm.         |
| Green Island, Yarmouth Co., N.S.                        |  |  | 10 acres   | Fog Alarm, Bomb Station, Residence, 3 Sheds. |
| Ships Stern, Yarmouth Co., N.S.                         |  |  | 10 acres.  | Light, Steel Mast and Shed.                  |
| Yarmouth Harbour Bunker Island, Yarmouth County, N.S.   |  |  | .52 acre   | Tower and Residence.                         |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## PROPERTY RECORD—Continued

| Location   | COST VALUE |           |       | Area       | Purpose                                    | Remarks |
|--|------------|-----------|-------|------------|--|---------|
|  | Land       | Buildings | Total |            |  |         |
| Yellow Rock, Denman Island, B.C.                   |            |           |       | 14 acres   | Lighthouse                                 |         |
| Senamus, B.C.                                      |            |           |       | 2 acres    | Beacon                                     |         |
| Pecks Point, Co. Westmorland, N.B.                 |            |           |       | 2-52 acres | Lighthouse, Res dence, Fog Alarm           |         |
| Barnes Point, Co. Westmorland, N.B.                |            |           |       | 7 acres    | Lighthouse                                 |         |
| Saturna Island, B.C.                               |            |           |       | 2 acres    | Lighthouse                                 |         |
| Cape Mudge, B.C.                                   |            |           |       | 2/7 acre   | Lighthouse                                 |         |
| Bridges Point, Sunbury Co., N.B.                   |            |           |       | 1/4 acre   | Wharf, Buoy Shed, Blacksmith Shop, Oilshed |         |
| City St. John, N.B.                                |            |           |       |            | Light and Alarm                            |         |
| Partridge Island, St. John, N.B.                   |            |           |       |            | Front Light                                |         |
| Shediac Island, Co. Westmorland, N.B.              |            |           |       |            | Back Light                                 |         |
| Shediac Island, Co. Westmorland, N.B.              |            |           |       | 30 sq. ft. | Back Light                                 |         |
| Shediac Town, N.B.                                 |            |           |       | 100 acres  | Light and Fog Alarm Station                |         |
| Cape Roseway, Shelburne Dist., N.S.                |            |           |       |            | Light and Fog Alarm Station                |         |
| Gull Rock, Shelburne Dist., N.S.                   |            |           |       |            | Lighthouse (Back)                          |         |
| St-Ours Lock, Parish of St-Roch-de-Richelieu, Que. |            |           |       |            | Lighthouse (Range Front)                   |         |
| St-Roch, Parish of St-Roch-de-Richelieu, Que.      |            |           |       |            | Lighthouse (Range Back)                    |         |
| St. Roch, Parish of St-Roch-de-Richelieu, Quebec.  |            |           |       |            | Lighthouse (Front)                         |         |
| Bouchard Peninsula, Berthier Co., Que.             |            |           |       |            | Lighthouse (Back)                          |         |
| Bouchard Peninsula, Berthier Co., Que.             |            |           |       |            | Lighthouse (Front)                         |         |
| Ile Bouchard, L'Assomption Co., Que.               |            |           |       |            | Lighthouse (Back)                          |         |
| Mousseau, L'Assomption Co., Quebec                 |            |           |       |            | Lighthouse (Front)                         |         |
| Mousseau, L'Assomption Co., Que.                   |            |           |       |            | Lighthouse (Back)                          |         |
| St. Sulpice Traverse, L'Assomption Co., Que.       |            |           |       |            | Lighthouse (Front)                         |         |
| St. Sulpice Traverse, L'Assomption Co., Que.       |            |           |       |            | Lighthouse (Back)                          |         |
| St. Sulpice Course, L'Assomption Co., Que.         |            |           |       |            | Lighthouse (Front)                         |         |
| St. Sulpice Course, L'Assomption Co., Que.         |            |           |       |            | Lighthouse (Back)                          |         |
| Ile-du-Moine, Richelieu Co., Quebec                |            |           |       |            | Lighthouse (Back)                          |         |
| Ste-Anne-de-Sorel, Richelieu Co., Que.             |            |           |       |            | Lighthouse (Front)                         |         |
| Ste-Anne-de-Sorel, Richelieu Co., Que.             |            |           |       |            | Lighthouse (Back)                          |         |
| Louiseville, Maskinonge Co., Que.                  |            |           |       |            | Lighthouse (Front)                         |         |
| Louiseville, Maskinonge Co., Que.                  |            |           |       |            | Lighthouse (Back)                          |         |

|   |  |  |            |                                      |
|---|--|--|------------|--------------------------------------|
| St-Antoine de Tilly, Lotbiniere Co., Que. |  |  |            | Pole (on the shore)                  |
| St-Antoine de Tilly, Lotbiniere Co., Que. |  |  |            | Back Light (Downstream Range)        |
| St-Antoine de Tilly, Lotbiniere Co., Que. |  |  |            | Back Light (Range)                   |
| St-Antoine de Tilly, Lotbiniere Co., Que. |  |  |            | Front Light (Range)                  |
| St. Clements, Manitoba                    |  |  |            | Light Station                        |
| Melocheville, Beauharnois Co., Que.       |  |  |            | Lighthouse, (Front)                  |
| St. Croix, Lotbiniere Co., Que.           |  |  |            | Lighthouse                           |
| St. Croix, Lotbiniere Co., Que.           |  |  |            | Back Light (Range)                   |
| St. Croix, Lotbiniere Co., Que.           |  |  |            | Front Light (Range)                  |
| Port Hebert, Shelburne Dist., N.S.        |  |  |            | Lightstation                         |
| Salvages, Shelburne County, N.S.          |  |  | 1 acre     | Fog alarm station                    |
| Sand Spit, Shelburne Dist., N.S.          |  |  | 20 sq. ft. | Light                                |
| Cape Spencer, St. John, N.B.              |  |  | 136 acres  | Light and Alarm                      |
| Long Point, Kings County, N.B.            |  |  | 037 acres  | Light, Mast and shed                 |
| Grey's Point, Kings County, N.B.          |  |  | 175 acres  | Light, Mast and Shed                 |
| Whiffen Spit, Sooke Dist., B.C.           |  |  | 3-92 acres | Beacon                               |
| Souris, Town Souris, P.E.I.               |  |  |            | Light, Dwelling, Storeshed, Oilhouse |
| Ile Molson, Georgeville, Que.             |  |  |            | Lighthouse                           |
| St. Adelaide, Co. Bonaventure, Que.       |  |  |            | Lighthouse                           |
| Becancour, Nicolet County, Que.           |  |  |            | Back Lighthouse                      |
| Ste. Anne-de-Bellevue, Que.               |  |  |            | Upper Back Lighthouse                |
| Ste. Anne-de-Bellevue, Que.               |  |  |            | Lighthouse                           |
| Ste. Anne-de-Bellevue, Que.               |  |  |            | Upper Front Lighthouse               |
| La Perade, Champlain County, Que.         |  |  |            | Front Lighthouse                     |
| La Perade, Champlain County, Que.         |  |  |            | Back Lighthouse                      |
| Gallia Bay, Richelieu County, Que.        |  |  |            | Upper Front Lighthouse               |
| Gallie Bay, Richelieu County, Que.        |  |  |            | Upper Back Lighthouse                |
| Gallia Bay, Richelieu County, Que.        |  |  |            | Lower Front Lighthouse               |
| Gallia Bay, Richelieu County, Que.        |  |  |            | Lower Back Lighthouse                |
| Ile des Barques, Richelieu Co., Que.      |  |  |            | Lighthouse                           |
| Ile de Grace, Richelieu County, Que.      |  |  |            | Front Lighthouse                     |
| Ile de Grace, Richelieu County, Que.      |  |  |            | Back Lighthouse                      |
| Ile du Moine, Richelieu County, Que.      |  |  |            | Front Lighthouse                     |

DEPARTMENT OF TRANSPORT—MARINE SERVICES  
INDEX OF LEASED PROPERTY

| Lessee  | Location  | Area               | Utilization   | Effective Date | Annual Rental | Appraised Value | Remarks |
|---|---|--------------------|---|----------------|---------------|-----------------|---------|
| St. Lawrence Paper Mills Co. Ltd.                                   | Trinity Bay East, Twp. De Monts, Co. Saguenay Que.            | 3.4 acres.....     | .....   | Mar. 4, 1929   | \$ 1.00       |                 |         |
| La Compagnie de Transport Du Bas, St. Laurent, Ltee.                | Town of Rimouski, Co. of Rimouski, Que.                       | 7,505 sq. ft.....  | .....   | Oct. 1, 1946   | 187.63        |                 |         |
| Canada Steamship Lines Ltd.   | Gov't Wharf, City Windsor, Co. Essex, Ont.                    | .....              | .....   | April 1, 1947  | 1,200.00      |                 |         |
| Dom. Transportation Co. Ltd. and Owen Sound Transportation Co. Ltd. | Town Blind River, District of Algoma, Ont.                    | .....              | Use of public wharf.....  | Sept. 1, 1946  | 50.00         |                 |         |
| Dom. Transportation Co. Ltd. and Owen Sound Transportation Co. Ltd. | Manitowaning, Twp. Assiniboia, District of Manitoulin Island. | .....              | .....   | May 15, 1946   | 150.00        |                 |         |
| Dom. Transportation Co. Ltd. and Owen Sound Transportation Co. Ltd. | Town Little Current, Dist. of Manitoulin, Ont.                | .....              | Public Wharf.....   | Aug. 28, 1946  | 150.00        |                 |         |
| Graham Oil Co.....  | Part Lot 11, Con. I, Twp. Bayham, Co. Elgin, Ont.             | 5 acres.....       | Marine Oil Storage Depot.....   | July 1, 1948   | 500.00        |                 |         |
| Great Lakes Lumber and Shipping Ltd.                                | Port Arthur, Dist. Thunder Bay, Ont.                          | 53-7 acres.....    | Storing Logs.....   | May 1, 1946    | 650.00        |                 |         |
| Great Lakes Paper Co. Ltd.  | Port Arthur, Dist. Thunder Bay, Ont.                          | 70 acres.....      | Storing Logs.....   | July 1, 1949   | 360.00        |                 |         |
| Imperial Oil Ltd.....   | Town Collingwood, Co. Simcoe, and between Lots 45 and 46      | 4-76 acres.....    | Maintaining and using wharf, pipe line and approach                         | April 1, 1948  | 100.00        |                 |         |
| W. B. Kerr & Sons.....  | Town of Little Current on Manitoulin Island                   | .....              | Constructing and maintaining and using buildings and marine railway thereon | April 1, 1948  | 25.00         |                 |         |
| Northern Wood Preserves Ltd.  | Port Arthur, Dist. Thunder Bay, Ont.                          | 35-12 acres.....   | Storing of Logs.....  | Oct. 1, 1948   | 180.00        |                 |         |
| Mary Emeline Nunn.....  | Town of Prescott, Co. of Grenville, Ont.                      | .....              | Bldg. for Canadian National Railway Express Telegraph and Ticket Depts.     | May 20, 1947   | 75.00         |                 |         |
| Point Au Baril Islanders' Association                               | Point Au Baril, Dist. of Parry Sound, Ont.                    | 960.75 sq. ft..... | Operating a restaurant.....   | May 1, 1947    | 150.00        |                 |         |
| Provincial Paper Ltd.....   | Main Harbour at Port Arthur Dist. of Thunder Bay, Ont.        | 73.1 acres.....    | Storing of Logs.....  | Nov. 1, 1948   | 375.00        |                 |         |
| Rondeau Enterprises Ltd.  | der Bay, Ont., Co. of Kent                                    | 7,200 sq. ft.....  | .....   | June 15, 1947  | 72.00         |                 |         |



|  |   | 8,249 sq. ft.   | Constructing, maintaining and June 1, 1948                  | 10.00  |
|--|---|-----------------|---|--------|
| Holgar Smith.....                            | Village of Portsmouth,<br>Co. of Frontenac, Ont.                |                 | using wharf   |        |
| G. N. Riberdy.....                           | Co. of Essex, Twp. of<br>Tilbury Ont.                           | .41 acre.....   | Site for Canal for small boats.....                         | 25.00  |
| C. D. Sampson.....                           | Abercrombie, Co. of<br>Pictou.                                  | 6 acres.....    | Wharf.....  | 25.00  |
| Mersey Paper Co. Ltd.....                    | Town of Liverpool Bay,<br>Co. Queens, N.S.                      |                 |   | 62.50  |
| Miss Anne McCormick.....                     | Freds Peninsula Chester<br>Harbour, Co. of Lun-<br>enburg, N.S. | .856 acre.....  | Erecting and maintaining a jetty                            | 50.00  |
| Maritime Packers Ltd.....                    | Pictou Harbour, Pictou,<br>N.S.                                 | 3,162 sq. ft.   | Ice house.....  | 50.00  |
| Grand Etang Fishermen's<br>Co-Operative Ltd. | Grand Etang Harbour,<br>Co. of Inverness, N.S.                  | 0.18 acres      | Wharf.....  | 1.00   |
| Mrs. Gordon S. Kinley.....                   | Crouchers Island, Saint<br>Margarets Bay, Co.<br>Halifax.       | 5 acres.....    | Dwelling.....   | 10.00  |
| H. Fred Irving.....                          | Bayfield, Co. of Anti-<br>gonish, N.S.                          | 0.14 acre.....  | Erecting and maintaining bldg. for<br>for fishing industry. | 10.00  |
| Yarrows (1930) Ltd.....                      | Lot 53, Esquimalt Har-<br>bour, B.C.                            | 2.35/100 acres. | Railways and Works.....                                     | 175.00 |
| Yarrows Ltd.....                             | W 1/2 lot 52 and 53, Esqui-<br>malt Harbour, B.C.               | 1.89 acres..... | Launching ways.....   | 140.00 |
| James A. Wilby.....                          | Victoria Harbour, B.C.  | 0.4 acre.....   | Constructing Marine ways.....                               | 225.00 |
| Victoria Gas Co. Ltd.....                    | Victoria Harbour, Van-<br>couver Island, B.C.                   | 0.12 acre.....  | Water cooling tower.....                                    | 50.00  |
| Victoria Machinery De-<br>pot Co. Ltd.       | Victoria Harbour, B.C.  |                 |   | 500.00 |
| The Corporation of the<br>City of Victoria.  | Victoria Harbour, B.C.  |                 | Wharf floats.....   | 1.00   |
| Victoria Dock Co. Ltd.....                   | James Bay, City of Vic-<br>toria, B.C.                          | 0.49 acre.....  | Constructing and maintaining<br>wharf.                      | 800.00 |
| Standard Oil Co. of B.C.<br>Ltd.             | Port Alberni Harbour,<br>Dist. of Alberni, B.C.                 | 0.83 acre.....  | Wharf.....  | 155.00 |
| Shell Oil Co. of B.C.....                    | Nanaimo District, B.C.  |                 |   | 60.00  |
| Kneens Builders Supplies<br>Ltd.             | Nanaimo Harbour, Na-<br>naimo Dist.                             | 0.027 acre..... | Wharf.....  | 50.00  |
| Kelly, Douglas & Co.<br>Ltd.                 | Victoria Harbour, B.C.  | 0.15 acre.....  | Wharf.....  | 60.00  |
| Island Tug & Barge Ltd.                      | Victoria Harbour, B.C.  | 0.52 acre.....  | Dock facilities.....  | 75.00  |
| Home Oil Distributors<br>Ltd.                | Newcastle Town, Na-<br>naimo, B.C.                              | 0.34 acre.....  |   | 30.00  |
| Bertram Foster.....                          | Victoria Harbour, B.C.  |                 | Boat-building works.....                                    | 100.00 |
| Falconer Marine Indus-<br>tries Ltd.         | Victoria Harbour, B.C.  | 2.02 acres..... | Wharf and Warehouse.....                                    | 750.00 |
| John Crane.....                              | Exit Passage, Nanaimo<br>Harbour.                               | 0.36 acres..... | Boathouse and Floats.....                                   | 25.00  |
| Scott & Beden Ltd.....                       | Victoria Harbour, B.C.  |                 | Wharf.....  | 145.00 |
| John Alexander Rowan.....                    | Exit Passage, Nanaimo<br>Harbour.                               | 0.8 acre.....   | Constructing and maintaining<br>Dock.                       | 112.00 |
| G. B. Murdie.....                            | Victoria Harbour, City<br>Victoria, B.C.                        |                 | scow-loading, craneway and log<br>storage                   | 50.00  |

## DEPARTMENT OF TRANSPORT/MARINE SERVICES—Continued

## INDEX OF LEASED PROPERTY

| Lessee                                     | Location                                  | Area               | Utilization                          | Effective Date | Annual Rental | Appraised Value | Remarks |
|--|---|--------------------|--------------------------------------|----------------|---------------|-----------------|---------|
| Harvard L. Morrison and Gladys M. Morrison | Newcastle Island Passage, Nanaimo, B.C.   | 0.46 acres.....    | wharf.....                           | Nov. 1, 1948   | \$ 25.00      |                 |         |
| Laura Olive McLeod.....                    | Newcastle Island Passage, Nanaimo, B.C.   | 3/10 acres.....    | wharf.....                           | July 1, 1948   | 50.00         |                 |         |
| McCartier Shingle Co. Ltd.                 | Victoria Harbour, B.C.                    | 1.48 acres.....    | storage of logs.....                 | Jan. 1, 1950   | 330.00        |                 |         |
| Manning Lumber Mills Ltd.                  | Victoria, B.C.                            | 1.003 acres.....   | .....                                | April 1, 1947  | 200.00        |                 |         |
| Mrs. Ronnie Cooper.....                    | Exit Passage, Nanaimo Harbour, B.C.       | .....              | floating wharf and approach thereto. | May 1, 1948    | 75.00         |                 |         |
| Canadian Puget Sound Lumber and Timber Co. | Upper Harbour, Victoria B.C.              | 0.46 acres.....    | wharf.....                           | July 3, 1947   | 230.00        |                 |         |
| Canadian Pacific Rly. Co.                  | Victoria Harbour, B.C.                    | .....              | .....                                | April 1, 1949  | 3,000.00      |                 |         |
| Corporation Village Campbell River         | Campbell River, B.C.                      | .....              | wharf and floats.....                | Mar. 1, 1950   | 1.00          |                 |         |
| British American Oil Co. Ltd.              | City Victoria, B.C.                       | 0.533 acre.....    | wharf.....                           | Sept. 10, 1946 | 220.00        |                 |         |
| British American Oil Co. Ltd.              | Exit Passage, Nanaimo Hbr., B.C.          | 0.82 acre.....     | dock.....                            | Jan. 1, 1948   | 25.00         |                 |         |
| Frank William Bowman.                      | Exit Passage, Nanaimo Hbr., B.C.          | 0.34 acre.....     | boathouse and ways.....              | June 1, 1947   | 25.00         |                 |         |
| Albert William Bowman.                     | Exit Passage, Nanaimo Hbr., B.C.          | 0.34 acre.....     | boathouse and float.....             | June 1, 1947   | 25.00         |                 |         |
| Bloedel, Sturat & Welch.                   | Harbour of Alberni, at Port Alberni, B.C. | 78.28 acres.....   | booming ground for log.....          | Oct. 1, 1946   | 360.00        |                 |         |
| Bathurst Power & Paper Co. Ltd.            | Government Wharf at Bathurst, N.B.        | 16,380 sq. ft..... | fish curing and packing plant.....   | April 1, 1948  | 400.00        |                 |         |
| Caraquet Packers Ltd.                      | Wharf, Middle Caraquet, N.B.              | .....              | .....                                | .....          | .....         |                 |         |
| Eastern Lobsters Ltd.....                  | Point du Chene, N.B.                      | 9,290 sq. ft.....  | site for building.....               | Sept. 1, 1948  | 92.90         |                 |         |
| Fraser Co. Ltd.....                        | Newcastle, N.B.                           | 9.50 acres.....    | storing logs.....                    | April 1, 1949  | 100.00        |                 |         |
| W. L. Loggie Co. Ltd.....                  | Eseminac Point, N.B.                      | 1.1 acre.....      | drying nets.....                     | Dec. 1, 1948   | 10.00         |                 |         |
| Robichaud & Co. Ltd.....                   | Shippigan Hbr. Co. Gloucester, N.B.       | 12,750 sq. ft..... | fish cannery.....                    | April 1, 1948  | 35.00         |                 |         |
| Smith, Woodbury and B. Harrison            | Eseminac Point, N.B.                      | 3.66 acres.....    | fishing business.....                | Dec. 1, 1948   | 21.00         |                 |         |
| Corporation Town St. Andrew                | St. Andrew, N.B.                          | .....              | to use Government Wharf.....         | Sept. 1, 1948  | 100.00        |                 |         |
| West Coast Co. Ltd.....                    | Point du Chene, N.B.                      | 15,000 sq. ft..... | for Lessee's buildings.....          | Jan. 1, 1950   | 375.00        |                 |         |

## DEPARTMENT OF TRANSPORT—MARINE SERVICES

PROPERTY SALES SINCE MARCH 31, 1948

| Location                        | Purchaser                         | Consideration | O.C. No. | Date           | Area              | Utilization           |
|---------------------------------|-----------------------------------|---------------|----------|----------------|-------------------|-----------------------|
|                                 |                                   | \$ cts.       |          |                |                   |                       |
| Amherstburg, Ont.....           | Town Amherstburg.....             | 1 00          | 424      | Jan. 31, 1950  | 0.23 acres.....   | Sewer Outlet.         |
| Huggard's Cove.....             | Gordon and Hilda G. Daley.....    | 100 00        | 4, 941   | Oct. 29, 1948  | 0.713 acres.....  | Wharf Purposes.       |
| Nanaimo, B.C.....               | C.P.R. Co.....                    | 50 00         | 1, 847   | April 27, 1948 | 0.182 acres.....  | Industrial water lot. |
| St. Antoine de Tilley, P.Q..... | Director, Veteran's Land Act..... | 100 00        | 2, 887   | June 26, 1948  | 1 sq. arpent..... | Home site.            |
| St. Placide, P.Q.....           | Napoleon Dubreuil.....            | 300 00        | 618      | Feb. 10, 1949  | 1,500 sq. ft..... | By tender.            |
| Three Rivers, Que.....          | J. Roy.....                       | Exchange      | 2, 747   | June 2, 1949   | 1,600 sq. ft..... | Municipal Purposes.   |
| Toronto, Ont.....               | City of Toronto.....              | 1 00          | 465      | Jan. 31, 1950  | 5,896 sq. ft..... | Farming.              |
| Vercheres, Que.....             | Rene Choquette.....               | 25 00         | 4, 098   | Oct. 10, 1947  | 6,100 sq. ft..... |                       |
| Vercheres, Que.....             | Village Vercheres.....            | 1 00          | 4, 778   | Sept. 20, 1949 | 4,900 sq. ft..... |                       |
| Victoria Harbour, B.C.....      | Crowe Gommason.....               | 3, 700 00     | 3, 779   | Aug. 3, 1949   | 0.57 acres.....   | Industrial.           |







## APPENDIX C

## PUBLIC WORKS DEPARTMENT

PROPERTIES OWNED BY THE CROWN AND USED FOR  
COMMERCIAL PURPOSES

## ARCHITECTURAL BRANCH

Under this Branch there are not properties operated by the Department commercially.

*Properties leased*

The following is a list of properties acquired for the purpose of providing sites for the construction of public projects but which, pending their use for this purpose, are leased to private tenants and are being used commercially,—

| <i>Ottawa</i>                        | <i>Tenant</i>                        |
|--------------------------------------|--------------------------------------|
| 200 Wellington Street                | Jos. Dolan and Sons (Coal Merchants) |
| 202 " "                              | Ed. Sackley (Restaurant)             |
| 204 " "                              | Thompson & Scott (Real Estate)       |
| 206 " "                              | Gerald Preston (Haberdasher)         |
| 346 " "                              | A. S. Karaw (Lunch)                  |
| 354-365 " "                          | J. Skinner (Druggist)                |
| 360-364 " "                          | H. J. Sykes (Sausage Mfg.)           |
| 366-376 " "                          | Thos. Lawson (Foundry)               |
| 396-404 " "                          | Vails Laundry                        |
| 432 " "                              | Fleck Foundry                        |
| 446 " "                              | Robinsons Heating                    |
| 451 " "                              | O'Keefes Brewery                     |
| 471 " "                              | Spartan Air Services                 |
| 475 " "                              | Canada Gift & Novelty                |
| 345 Sparks Street                    | Stewart Sutherland (Mfg. Agent)      |
| 355 " "                              | Graves Construction Company          |
| 361 " "                              | A. Thompson (Store)                  |
| 363 " "                              | G. H. Wood & Company                 |
| 377 " "                              | Timm Jersey Creamery                 |
| 429 " "                              | Wilson & Keith (Tea Merchants)       |
| Elgin Street Site                    | Lord Elgin Hotel                     |
| Elmdale Avenue                       | Albert Quesnel (Lumber)              |
| Gainsboro Avenue                     | Harold Taggart (Storage)             |
| 80 Lyon Street                       | Cabledu Motors                       |
| 88 Lyon Street                       | Gordon Distributors                  |
| 90 Lyon Street                       | Colonial Coach Lines                 |
| <i>Toronto</i>                       |                                      |
| 24 Adelaide Street                   | Callow Bros. (Stationery Store)      |
| 24 " "                               | Canadian Law List                    |
| 24 " "                               | Nott & Merrill (Photo Studio)        |
| 24 " "                               | Messrs. Clarke and Till              |
| 26 " "                               | E. Hardy (Store)                     |
| 28 Adelaide Street, E.               | R. Bolk (Store)                      |
| 28- $\frac{1}{2}$ Adelaide Street E. | A. J. Laughner (Workshop)            |

*Toronto—con.*

28- $\frac{1}{2}$  " " "  
 28- $\frac{1}{2}$  " " "  
 30 " "  
 32 " "  
 32 " "  
 32 " "  
 32 " "  
 32 " "  
 32 " "  
 32 " "  
 34 " "  
 15 Lombard Street  
 59 Victoria Street  
 59-61 " "  
 61 Victoria Street  
 67 " "  
 69 " "  
 63 " "

*Tenant*  
 Regent Jewellery Company  
 E. G. Hottinger  
 Johnson and Peters (Restaurant)  
 J. Wade  
 J. McMullen  
 R. Thornhill  
 Jas. Thomson  
 E. Hahn  
 Manson & Collins  
 L. H. Newnham  
 G. A. Milne (Studio)  
 Redfern Construction (garage)  
 Lowe Martin (Store)  
 Messrs. J. A. MacVicar & C. A. Frank (Law Office)  
 Melville Travel Service  
 F. D. Howie Construction Company  
 J. Lund (Store)  
 R. C. Dollach (Store)

*Hull P.Q.*

Laurier Avenue

Supertest Petroleum Company (Service Station)

*Montreal, P.Q.*

4529 Papineau Ave.  
 4531 Papineau Ave.

H. Hopkins (Store)  
 Messrs. Leo Ltd. (Dry Cleaners)

*Fredericton, N.B.*

Portion of Customs Site

Titus Lunch

*Winnipeg, Man.*

230 Garry St.  
 230 " "  
 238 " "  
 270-2 Graham St.  
 274 " "  
 271 St. Mary's Ave.  
 275 " " "  
 199 Smith St.  
 205 " "  
 Lot 11, Main St.  
 Lot 12 " "  
 Lot 13 " "

Standard Heating & Plumbing  
 Robinson Agencies  
 Snap-on-Tool Co.  
 Graham Furniture Exchange  
 Make Right Furniture Co.  
 J. H. Lesko (Watch Repairs)  
 R. Miller (Warehouse)  
 J. Cunningham (Grocery)  
 H. J. Nairne (Barber)  
 Deluxe Motors  
 David Szajocha (Second hand Machinery)  
 Nathan Peters

*Regina*

Lots 1, 2, 2 Block 284

B.A. Oil Co.

*Calgary*

Northern Electric Bldg.

Goodyear Tire & Rubber Co.

*Vancouver, B.C.*

Cor Keefer & Gore St.  
 429 Burrard St.  
 429 " "  
 429 " "  
 1003 West Pender St.

Home Oil Distributors  
 B.C. Interim Sales  
 General Sales Syndicate  
 H. A. Roberts  
 J. F. Carveth (Warehouse)

| <i>Vancouver, B.C.—con.</i> | <i>Tenant</i>           |
|-----------------------------|-------------------------|
| 300 Dunsmuir St.            | S. Diakow (Cleaners)    |
| 689 Hamilton St.            | Canada Nut Co.          |
| 604 Homer St.               | Penfold Roofing Co.     |
| 606 " "                     | Vermin Chemical Co.     |
| 606-606½ Homer St.          | Ryans Carriers Ltd.     |
| 622 " "                     | Smith Marking Devices   |
| 622 " "                     | B.C. Electric           |
| 622 " "                     | Cornell & Burroughs     |
| 624 " "                     | Western Greyhound Lines |
| 678 " "                     | Stores Transfer         |
| 684 " "                     | Mott Electric Co.       |
| 375 West Georgia St.        | Hop Signs Co. Ltd.      |

| <i>Victoria, B.C.</i> |  |
|-----------------------|--|
| 801 Gov't Street      | Period Arts                              |
| 1244 " "              | Victoria Shoe Repairs                    |
| 606 Humbolt St.       | Victoria Tug Co.                         |
| 1213 Langley St.      | Messrs. Diggen & Hibben Ltd. (Storeroom) |

### *Other Properties*

The following list covers properties which have been expropriated for the purpose of providing sites for Public Works projects but for which negotiations regarding compensation have not yet been completed. While many of these have been and are still being used commercially the type of occupancy, except in the cases shown, is not on record.

#### Charlottetown, P.E.I.

Area bounded by Queen, Richmond, Pownal & Sydney Streets, expropriated March 4, 1949.

#### Chatham, Ontario

Pt. of Block XLVI, registered plan 14, expropriated January 12, 1950.

#### Cowansville, P.Q.

Lots 106-1, 106-2-3 & 106-4, Site Public Works Project. Albert Bedard, Undertaker, Notice of Expropriation filed August, 1949.

#### Douglas, B.C.

Notice of Expropriation filed May 25, 1948.

#### Fredericton, N.B.

Pt. Lot 1, Queen Street, Budovitch Jack, restaurant.  
 Pt. Lot 1, Regent Street, Imperial Oil, gasoline service station.  
 Pt. Lot 1, Regent Street.  
 MacGibbon, R. M., dentist.  
 Pt. Lot 3, Queen Street.  
 Super Service Stations Limited, gasoline service station.  
 Expropriation July 19, 1948.

#### Hull, P.Q.

Notice of Expropriation filed March 19, 1947, on area to provide site new Public Works project.

#### Hull, P.Q.

Woods Manufacturing Company.

#### Joliette, P.Q.

Lot 304, expropriated July, 1947.



## Kingsgate, B.C.

Notice of Expropriation properties purchased during 1949 to provide site  
Dept. National Revenue project. Building demolished.

## Ledue, Alta.

Notice of Expropriation filed October 12, 1949, against properties comprising  
site new Public Works project.

## Montreal, P.Q.

Lots 1345-31, 1345-32, and 1346, University Street, acquired as site new  
Public Works project. Kearns & Co., Auctioneers, Oxford Hotel.

## Montreal, P.Q.

Properties in block bounded by St. Antoine, Windsor, St. James Streets—  
site new Public Works project.

## North Portal, Sask.

Site Public Works project.

## Ottawa, Ontario

Site new Public Works project—Carling, Rochester and Booth Streets.

## Ottawa, Ontario

Tunney's Pasture—Parkdale Avenue Area; site new Public Works project.  
Canal Lumber Company.

Buprgess Tools Company, Limited.

Tessier & Schryer.

Twin Pin Company.

J. A. Cronier Company.

Rupert S. McLelland.

Copeland Manufacturing Company.

## Oakville, Ontario

2 Thomas Street—garage.

## Port Arthur, Ontario

Property in block bounded by Lincoln, Court, and Park Streets—Notice of  
Expropriation filed March 4, 1949.

Doneti, Charles—restaurant.

Imperial Oil—gasolene station.

T. E. Eaton—parking lot.

Vigliarolo, Nick—shoe repair shop.

## Sherbrooke, P.Q.

Notice of Expropriation May 2, 1947.

Bretton, Phillipe—second-hand store.

Montigny, Amie—garage.

## Smith Falls, Ontario

South halves of Lots 208 and 207, William Street—formerly warehouse  
Frost & Wood Company, expropriated October 27, 1949.

## Tecumseh, Ontario

Pt. of Lot 1, 2nd concession Town of Tecumseh—formerly gas station.  
Expropriated October 5, 1949.

## Tóronto, Ontario

Corner Northumberland and Dovercourt Streets—Kelly Feed & Seed  
Company.

## Vancouver, B.C.

Site new Public Works project in area bounded by Georgia, Homer, Dunsmuir and Hamilton Streets. Notice of Expropriation filed February 25, 1949.

## Vancouver, B.C.

Property corner Burrard and Hastings Streets—site new Public Works project.

## Victoria, B.C.

Site Public Works project. Diggen-Hibben Co. Ltd., stationers.

## White Rock, B.C.

Lots 16 and 17, Block 9—site new Public Works project.

## Winnipeg, Man.

Area bounded by Graham Ave., Smith Street, St. Mary's Ave., and Garry Street—site new Public Works project. Notice of expropriation filed June, 1948.

## Winnipeg, Man.

Lots 11, 12 and Pt. 13, Block 1, St. John Plan 129, site new Public Works project. Consolidated Motors Limited—parking lot.

## PUBLIC WORKS DEPARTMENT

PROPERTIES OWNED BY THE CROWN AND USED FOR  
COMMERCIAL PURPOSES

## ENGINEERING BRANCH

The only properties under this Branch which are actually operated commercially by this Department are the following:—

## Levis, Que.

Champlain and Lorne Graving Docks (Revenue approximately \$174,537 per annum)

## Esquimalt, B.C.

Graving Dock (Revenue approximately \$102,406.49 per annum)

## Selkirk, Man.

Repair slip (Revenue approximately \$5,971.32)

## New Westminster, B.C.

Railway Bridge. Taken over from B.C. Government in 1939, all revenues from trains held in special Trust Account surplus to maintenance and operation to be returned to the B.C. Government with the exception of a reserve sufficient to pay ultimate cost of removal of bridge.

*Leased Properties*

The following properties are leased by the Government and are being used commercially by the lessees,—

## ONTARIO

## Kingston

Dry Dock—Leased to Kingston Shipbuilding Co. Ltd.

## Kenora

Wharf—Parts of the wharf leased by Transport Dept. for commercial purposes and used largely as a commercial aeroplane base.

## Port Credit

Lakefront lands—3 lots rented to Herbert M. Jones for Boat Livery. A survey is now underway to subdivide the balance of the land into 48 lots to be rented for commercial purposes. In addition to the above the Dept. owns 3 lakefront areas East of the harbour comprising 2.04, 2.38 and 2.94 acres respectively. Rental of these awaits the construction of a proposed deep draft harbour.

## Jackson's Point

The Dept. acquired in 1937 from the C.N.R., property comprising the site of a wharf. The C.N.R. have now advised that they formerly rented a portion of this property to the Grew Bros. Ltd. for the site of a boathouse and that that firm's successors, Bonnie Boats Ltd. wish to renew the arrangement. This matter is now being investigated.

## Gore Bay

Water lot in front of land lot No. 20 rented to Ivan Purvis and used for a net shed.

## Latchford

Water lot containing 1.5 acres in front of land lots 235, 236 and 237 is rented to the A. B. Gordon and Son Lumber Co.

## Kensington

Water lot opposite land No. 42 is used by the Northern Development Co. as a ferry terminal.

## Haileybury

A part of lot 10, in the 5th Concession of the Township of Buck with an area of 2.07 acres is leased to John Burns.

## MANITOBA

## Georges Island, Lake Winnipeg

Departmental property of 22.3 acres wholly available for commercial purposes. 0.25 acres of this property was leased to Gimli Fisheries Ltd., on March 31, 1922, and renewed to Armstrong-Gimli Fisheries Oct. 5, 1932.

## Gimli

Departmental land, in conjunction with harbour facilities, comprises 3.74 acres of which 2.6 acres has been leased to Armstrong-Gimli Fisheries and 0.08 acres to Independent Fisheries Ltd.

## QUEBEC

## Cap Chat

Part of water lot 65-88 next to Govt. wharf leased to James Richardson Ltd.

## Guigues

Part of Lot 27, Con. 2, Township of Guigues, farm property having an area of 17.1 acres leased to Emile Malo.

## Notre Dame du Nord

Part of water lot No. 69 in the Township of Guigues 0.48 acres near Quinze River leased to Adrien Lalonde.

## Black River

Portion of Government Reserve leased to the Pembroke Electric Light Co. Ltd.

## NOVA SCOTIA

## Digby

Main Pier of Digby Pier. Leased by Dept. of Transport to C.P.R.

## NEW BRUNSWICK

## Bathurst

Warehouse. Leased to Bathurst Power and Paper Co.

Warehouses are leased by the Dept. of Transport at the following places:  
Fredericton, St. Andrews, Wilson's Beach, North Head, Shippigan,  
Lameque, Campbellton, Grand Harbour and Moncton.

## BRITISH COLUMBIA

## Esquimalt

Part of Dry Dock property leased to Manning Timber Products, Ltd.

## NEWFOUNDLAND

## Curling

Wharf and shed leased to Dumpty Ltd. Curling.

## Lark Harbour

Shed on wharf leased to Maritime Packers (Newfoundland)

## St. John's

Kings wharf—special agreement with Marine Agencies Ltd.













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SESSION 1950

HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 22

MONDAY, JUNE 12, 1950

## WITNESSES:

- Mr. Watson Sellar, C.M.G., Auditor General.
- Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development.
- Mr. H. R. Malley, President and General Manager, Crown Assets Disposal Corporation.
- Mr. V. W. Scully, Deputy Minister (Taxation) and Mr. C. Gavsie, Assistant Deputy Minister, Department of National Revenue.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950



# STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |   |   |
|-----------------------------------|---|---|
| Anderson                          | Fleming                                       | Pinard                                      |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Prudham                                     |
| Balcer                            | Fulford                                       | Richard ( <i>Gloucester</i> )               |
| Beaudry                           | Fraser  | Richard ( <i>Ottawa East</i> )              |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Riley                                       |
| Blue                              | Hansell                                       | Robinson                                    |
| Boisvert                          | Helme   | Sinclair                                    |
| Boivin                            | Homuth  | Stewart ( <i>Winnipeg<br/>North</i> )       |
| Brisson                           | Johnston                                      | Thatcher                                    |
| Browne ( <i>St. John's West</i> ) | Kirk ( <i>Antigonish-<br/>Guysborough</i> )   | Thomas                                      |
| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Warren                                      |
| Cavers                            | Langlois ( <i>Gaspé</i> )                     | White ( <i>Hastings-<br/>Peterborough</i> ) |
| Cleaver                           | Larson  | Winkler                                     |
| Cloutier                          | Macdonnell                                    | Wright                                      |
| Cruikshank                        | Major   |   |
| Denis                             | Maybank                                       |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

*Clerk:* A. L. Burgess.

## MINUTES OF PROCEEDINGS

MONDAY, June 12, 1950.

The Standing Committee on Public Accounts met at 4 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Boisvert, Cauchon, Cavers, Drew, Fleming, Fulford, Fraser, Hansell, Helme, Johnston, Langlois (*Gaspe*), Larson, Macdonnell, Major, Picard, Prudham, Richard (*Ottawa East*), Riley, Robinson, Thatcher, Thomas, Warren.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General; Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development; Mr. H. R. Malley, President and General Manager, Crown Assets Disposal Corporation; Mr. V. W. Scully, Deputy Minister (Taxation) and Mr. C. Gavsie, Assistant Deputy Minister, Department of National Revenue.

The Chairman tabled a letter dated June 12, 1950, addressed to the Clerk of the Committee by Mr. E. O. Landry, Treasury Board, regarding properties held by the National Research Council and the Department of Resources and Development, which is printed as *Appendix A* to this day's minutes of proceedings and evidence.

The Chairman also tabled a memorandum from Mr. R. B. Boyce, Assistant Deputy Minister of Finance, regarding the number of employees of the government of Canada as at March 31, 1950, which is printed as *Appendix B* to this day's minutes of proceedings and evidence.

The Committee resumed consideration of the Auditor General's Report for the fiscal year 1948-49.

Examination of Messrs. Sellar and Gibson on paragraphs 71, 72 and 157 to 161, inclusive, of the Report was concluded, and the witnesses retired.

The Committee proceeded to an examination of the accounts of War Assets Corporation.

Messrs. Malley, Scully and Gavsie were called and questioned.

Mr. Malley tabled the following documents which are included in this day's minutes of evidence:

Copies of Orders in Council P.C. 242, dated January 21, 1947, and P.C. 930, dated March 13, 1947.

Copy of Agreement dated September 15, 1946, between His Majesty the King in right of Canada and Canadair Limited.

Copy of Agreement dated September 1, 1949, between His Majesty the King in right of Canada and Canadair Limited.

Copy of Order in Council P.C. 6567, dated January 10, 1950.

Copy of Agreement dated October 1, 1949, between His Majesty the King in right of Canada and Canadair Limited.

At 6 o'clock p.m. the Committee adjourned until Tuesday, June 13, at 4 o'clock p.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Monday, June 12, 1950.

The Standing Committee on Public Accounts met this date at 4 p.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, I see a quorum.

Before we start I would like to report that we have received a further memorandum concerning properties of the crown which would come within the meaning of the question asked some time ago by Mr. Drew. These will appear in our report of proceedings for today as appendix "A":

Mr. FLEMING: Might I ask you, Mr. Chairman, what those are?

The CHAIRMAN: Do you want me to read the letter?

Mr. DREW: I presume it is in addition to what has already been supplied to me?

The CHAIRMAN: Yes, it is in addition to what you have received up to now and it is from the National Research Council. There are, also, copies of a statement from the Department of Resources and Development regarding land disposal and tenure in the Yukon and Northwest Territories. This material will be printed at the end of the proceedings today. (See Appendix "A").

Then I have received a memorandum from Mr. Bryce in response to a question asking for a statement as to the number of employees in the government service. That will appear as appendix "B" to today's proceedings.

Before we ask Mr. Gibson to take the stand I see in the report of proceedings of the last meeting there is part of a letter which I sent to the members. So that there may be no question about the matter I would ask the clerk to see that the whole letter appears at this point in the report of today's proceedings.

HOUSE OF COMMONS, CANADA

L.-PHILIPPE PICARD, K.C., M.P.,  
Member for Bellechasse.

OTTAWA, May 31, 1950.

At the last meeting of the Sub-Committee on agenda and procedure of the Public Accounts Committee it was suggested that members would consider the best way of approach to the study of Public Accounts once we have finished the order of business at present before the Committee.

Assuming that members of the Committee would wish to perform their work in connection with the Public Accounts with a view to obtain practical results and not with any so-called political or publicity-seeking motives, I think that it would expedite our work if we could obtain from members of the Committee their suggestions as to how we could work efficiently having regard to the possible number of meetings to be held before the last week of the session.

It has been suggested to me by some members that we might first try to reach an agreement on a subject or on part of the administration of a department we feel we might be able to cover in eight meetings or thereabout. This, of course, would not preclude our taking subsequently another subject or pursue further the one we have selected should the session be prolonged.

I, therefore, am taking upon myself to send you this note asking that you give consideration to the possible subject matters liable to be covered in eight meetings or thereabout and that you communicate in writing your suggestions to myself or to the Clerk of the Committee on Thursday, June 8, before 6 p.m. These suggestions would then be brought before the sub-committee of agenda and procedure on Monday evening next when they could be examined and co-ordinated if possible.

Throwing open for discussion the whole public accounts for any member to call any item or page would necessarily confuse the proceedings and hamper instead of help our work. On the other hand, we might have time to perform valuable work should we agree on a subject which we might reasonably hope to cover in a tentatively set number of meetings so as to make a report to Parliament on the matter, should we feel it advisable to do so.

With many thanks for the co-operation you will give me as Chairman of the Committee in this regard, I am,

Yours very truly,

P.S.: Last on the order of business of the Committee at the moment is the examination of officials of the War Assets Corporation. They will appear before the Committee on Monday, June 12, and every day thereafter, if needed, to complete their evidence. The suggestions I am asking for in the present letter is for the work to be performed after we have finished with the War Assets witnesses completing thereby the second part of our work, that of reviewing the report of the Auditor General.

My intention in writing the letter was that when the answers were received they would facilitate the work of the committee in selecting its new order of business. I do not think there is anything in the letter which should lead to any mis-interpretation, but just to be sure I will ask that the whole letter be included in today's report.

Now, gentlemen, we have with us again Mr. R. A. Gibson, Director of the Development Services Branch, Department of Resources and Development. He will deal specifically with items 71 and 72 of the report of the Auditor General, which are the only items in the main volume of the report which have not been covered. Following that the same gentleman will be available to answer questions with respect to items 157 to 161 inclusive relating to the Yukon Territories, and as soon as we have finished with that we will go on with War Assets.

**Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development, recalled:**

The CHAIRMAN: Now, gentlemen, are there any questions you wish to ask Mr. Gibson concerning items 71 and 72 of the Auditor General's report. I think the subject matter has been fairly well covered up to now. Are there any further questions on item 71? Mr. Thatcher?

*By Mr. Thatcher:*

Q. Mr. Chairman, I was going to ask Mr. Gibson if it is the general practice to let contracts of this kind on a cost plus basis?—A. Yes.

Q. Would it not be possible to call for tenders?—A. Mr. Chairman, that is what we would like to do. Unfortunately we have not had sufficient engineering staff to get out the detailed information that would enable us to call for tenders on a unit price basis. Our work expanded very rapidly during the late war

years. We were getting an appropriation of about \$1 million a year for the parks and the appropriation suddenly jumped to the order of 8 to 10 million a year. We had a lot of work to do in getting our roads in better shape and the only way we could get the work done was by going to contractors who had the equipment. For a long time we did the work on a day labour basis but we found the contractors had equipment available when we needed it, and they also had the trained staff with which to undertake this work, so we had to go out and hire them on the best terms we could. During the late war years it had been the custom to pay a fixed fee ranging around 10 per cent, we managed to get this down to around 5 per cent.

Q. You did try to call for tenders for that?—A. We did not have the engineering information that would enable us to give these contractors the data they needed to quote on a unit price basis so we had to call on a cost plus a fixed fee basis.

Q. Have you the facilities today on this road work that will enable you to call for tenders?—A. If our supplementary estimates are accepted—they are now before Treasury Board—we hope to have the staff this year with which to do the engineering work which will enable us to call for tenders next year on a unit price basis.

Q. Well, how do you do it; do you just go to the contractors and give them the job?—A. We put it up for competition among contractors known to be able to do it. Where we are not able to do the work we get hold of people who are able to do it, who have the machinery and don't have to go to the United States to buy it, who have it already, and we turn the work over to them. We asked for prices and we accepted the lowest price.

*By Mr. Johnston:*

Q. Is it not a fact that there have been roads let on a cost plus contract?—A. They are all let on cost plus a fixed fee.

Q. All contracts are on cost plus?—A. That is, all that have been placed since the war have been on a cost plus fixed fee basis.

Q. Would it not be better for you to let those out on a straight tender basis than it would be to do it this way? Is not that the way the provinces do that?—A. Yes, they have a sufficient engineering staff to estimate just what their contracts will be, to give the contractors who compete for that kind of work sufficient information so that they could quote intelligently.

Q. And you say you haven't got the facilities to do that?—A. We haven't up to now but our staff is improving and we hope to get down to that basis this year and provide that service ourselves.

Mr. JOHNSTON: Mr. Chairman, the witness has some information he was going to give the committee. I wonder if he could give that to us now.

The CHAIRMAN: Is that on item 71?

Mr. JOHNSTON: Yes.

The WITNESS: Mr. Chairman, possibly I didn't make it sufficiently clear when I was here on the previous occasion that we insist on our contractors paying for services the rates of wages that are approved by the provincial authorities for the type of work that is being done. In this case the prevailing rate was \$3 an hour for a 5 cubic yard dump truck; and that includes not only the rental of the equipment but the wages of the operator, the gasoline, the oil, the repairs, in fact all running expenses. We pay that \$3 an hour for the length of time that the machine is actually hauling dirt. We don't pay anything for going to or from the job or for coming to the place where the contract is to be done. In this case the contractor hired the trucks for \$2.75 an hour and we asked him why he didn't pay the \$3 an hour which was the minimum rate for that class of service.



He said that he was actually losing money on these truckers because he had to supply them with certain services; first of all, he had to pay them \$2.75 an hour while they stood by waiting for any shovel that was broken down, or the time coming to the job and returning, and for the length of time that they had to travel to the job in some instances in order to get them. He figured that for the year in question he actually spent in nonproductive time the sum of \$15,149.75. His loss on gasoline which he supplied to these truckers was \$1,598.50; his loss in supplying garage facilities—that is the amount that he could not recover from them when they brought in their trucks to install a new part, he charged a very small service charge—his loss under that heading was \$6,186.42; his loss in providing housing accommodation for these truck drivers was \$800; that amounted to a total loss of \$23,734.17. The 25 cent differential which he got to offset that was \$14,470.50 and he lost on the contract on this account \$9,263.67.

Mr. FLEMING: Mr. Chairman, before we go on from there—

The CHAIRMAN: Excuse me, Mr. Fleming; does that complete the answer to your question, Mr. Johnston?

Mr. JOHNSTON: No.

Mr. FLEMING: I had a question relating to the subject we are discussing, just for information. I think you misunderstood me.

The CHAIRMAN: If you don't mind, I suggest that we should clear up this question of Mr. Johnston's relating to national parks; otherwise the evidence will be all criss-cross. What is on your mind, Mr. Johnston?

*By Mr. Johnston:*

Q. I want to speak about this subletting of contracts. As far as I am concerned I am not quite prepared to accept that at its face value. I just wonder if Mr. Gibson could tell us whether or not that financial loss to which he referred was verified by competent authority?—A. That statement has been checked by our engineers and by our financial advisor and they say it is substantially correct.

Q. But do the auditors say it is correct?—A. I do not think this point has ever been put up to our auditors yet, but it will be.

Q. Did you have this statement before you in the committee the other day?—A. I didn't have this statement, no—

Q. Did you have it on file in your departmental office, was it on file?—A. When we were talking about this the other day I had a pretty good idea what it amounted to but I was not prepared to say what it was and I did not want to forecast what it would be until I got the figures.

Q. Where did you get that information?

The CHAIRMAN: I think that is a personal question. Where a departmental officer gets his information I suggest is his business. I do not think that is a fair question to ask an officer of a department. It is a matter which comes under his responsibility and when he says: I have such and such information; it is up to you to accept it or not as you like. I do not think you can go further than that.

Mr. JOHNSTON: Wait a minute now, Mr. Chairman. Can the witness say whether that statement which he has read is correct or not?

The WITNESS: I cannot say to the cent, but I will say that it is substantially correct.

*By Mr. Johnston:*

Q. Do you say it is absolutely correct?—A. I say it is substantially correct. I cannot say to the cent. I haven't audited it myself.

Q. And on the same basis you would get the amount of profit that was included in that \$14,470.50.—A. There is no profit included in that, I will say that definitely.



MR. THATCHER: But the effect of what Mr. Gibson is telling us is that the contractor lost money or suffered by reason of this. You don't mean that that loss actually came out of the \$33,760. Was it not stipulated, as the Auditor General pointed out, that any profit should be credited to the government? Is that not audited at all?

THE WITNESS: That is audited on the job by the Finance Department.

MR. THATCHER: It seems to me Mr. Chairman that it amounts simply to this, that the best way to do this kind of work is through calling for tenders.

THE CHAIRMAN: That may be quite true, but today we have a witness before us. We are going to discuss that matter in the course of considering our report. While we have the witness here why not ask him questions if you want to?

MR. THATCHER: All right, I will. But I am not satisfied with this.

THE CHAIRMAN: That is a personal statement, we can expect. What do you want to ask the witness?

MR. THATCHER: Would it not be better to let work of this kind by tender?

THE WITNESS: I am quite prepared to admit the unit price basis is a much better basis than this, but this was the only way in which we could get our work done quickly. When you have people kicking about the roads and visitors kicking about the park roads you are going to do anything you can to improve them. Every time they come in there and see us building a new road in the park it encourages them to come back to our parks, and to come in droves.

THE CHAIRMAN: I might suggest that bringing tourists into our parks is really good policy even if this statement of mine is also out of order.

*By Mr. Johnston:*

Q. The witness said there was a certain loss on gasoline. Would that not be entered as a cost?—A. No.

Q. It would not? Why not?—A. That is his business, not ours.

Q. How would that tremendous loss occur in gasoline?—A. I do not know. All I know is that anybody who handles gasoline entails a loss especially on a job that size.

Q. I have handled considerable of it but on a project of that size for that period of time I would think that would be an exceptionally heavy loss.—A. I do not want to accuse anybody of anything but the contractor had to pursue some of these people in the courts because they stole his gasoline.

Q. Of course, that would be pure negligence on his part.

THE CHAIRMAN: Well, that is a gratuitous statement, Mr. Johnston. Someone may steal something from you without your being negligent.

*By Mr. Johnston:*

Q. Let us come back to this \$2.75 an hour that the contractor was paying those private truckers. Was it not so that in that \$2.75 it included cost of fuel, repairs and services of operator, etc?—A. There were some things that I say that he could not charge, and these are the things that I read. The other things he could charge and he did.

Q. That is, if there were any repair services they paid for them did they not?—A. They paid for the part and a minimum fee for the service.

Q. For the service? That is for the man handling it out?—A. That is right. The contractor had to pay a larger amount than he received and consequently lost money.

Q. I understood you to say in your evidence the other day that he had to pay this man out of his own pocket, the man who handled the parts?—A. Certainly; he had to hire him, he had to hire him all the year around.

Q. Yes, but it was charged up to the man who got the repairs.—A. Less than it cost the contractor, that is the point of the whole thing.

Q. It is pretty difficult to ascertain what that difference would be but in any event these truckers who were hired paid for that service, so the contractor was not out anything on that.—A. They did not.

*By Mr. Prudham:*

Q. I understood you to say there was a treasury officer on the job all the time checking these accounts as the accounts accumulated.—A. That is right.

Q. Then the treasury officer had a check on that at the time?—A. Exactly.

Mr. JOHNSTON: The Auditor General, Mr. Sellar, in the evidence given on June 8, at page F-2, said: "The treasury cost report on the project discloses that the contractor rented from others a number of trucks on the basis of \$2.75 per operating hour, which included fuel, repairs, services of operator, etc." Now, all those services were included in that \$2.75 which he paid.

Mr. PRUDHAM: He says they were not.

Mr. JOHNSTON: The Auditor General says they were.

The CHAIRMAN: Let Mr. Gibson answer the question first, and then we will have Mr. Sellar give us his views.

The WITNESS: The point of this whole thing is that the contractor could not charge up to the operator all his expenses. That is what I read here.

Mr. JOHNSTON: Then, you would dispute the statement made by the Auditor General?

The WITNESS: I do not think that Mr. Sellar means that all the costs were included; that is why Mr. Sellar qualified this statement later on in his evidence, as I recall it, to the effect that he did not know definitely.

The CHAIRMAN: Mr. Sellar, would you care to enlighten us now with your views on this?

Mr. SELLAR: Mr. Chairman—

Mr. JOHNSTON: Just a minute—

The CHAIRMAN: You are putting a statement in the mouth of the Auditor General, who is here, and who can speak for himself.

Mr. JOHNSTON: I am reading from the evidence right here, and I want Mr. Gibson's reaction in regard to it. Page F-2 of the evidence of June 8th reads as follows:

Mr. SELLAR: My reasons are set out there. I refer to the treasury cost report in these words: "The Treasury Cost Report on the project discloses that the contractor rented from others a number of trucks on the basis of \$2.75 per operating hour which included fuel, repairs, services of operator, etc."

Now, I am asking Mr. Gibson if all these services were not charged into that \$2.75 so that the contractor in effect did not have to pay out these extra services at all, the truck owner paid those—that is, any extra services which he got, he paid for them?

Mr. LANGLOIS: Let him answer that now.

The WITNESS: Take the one item of non-productive time. I have explained that we only paid those trucks while they were actually hauling dirt. The contractor, however, paid the trucks when they were going to and from work and also while they were standing by in case there was any machinery breakdown. The loss on this non-productive time amounted to \$15,149.75, which in itself is more than the 25 cents an hour differential we are talking about.

*By Mr. Johnston:*

Q. You think then he was quite—A. We satisfied ourselves, Mr. Chairman, as to that before we dropped our argument with the contractor. When we got those letters from the trucking outfits, we said: "Now, look, you must pay these people the minimum rate of the province", and he said: "I am paying them more than that". So we told him then to "show our man that you are", and he did.

Q. I do not know what you mean or what is entailed in that loss. Would you go over it again?—A. We pay for a truck while it is actually hauling dirt. The contractor pays for the truck not only when it is hauling dirt but when it is going from the base camp to the job and back again, he also—

Q. How far would that base camp be from the job?—A. Sometimes it is several miles. As I say, we pay for trucks while they are actually hauling dirt and the contractor has to pay for the trucks from the time the man leaves the base camp until he gets back to the base camp. He must also pay the trucks while they are standing by awaiting shovel repairs and that sort of thing.

Q. Is that not a common practice, though?—A. That is a practice at this particular place, and I dare say they have to abide by that to keep trucks on the job.

Q. But that is a common practice, so you are not telling us something which is not common to almost any contract.

The CHAIRMAN: Mr. Johnston, you are asking for an explanation as to why they did not collect the \$14,000. The witness is telling you that the contractor gave them evidence that he had lost money on that through certain conditions and that it exceeded the amount that the department would have had a right according to the contract to claim—the sum of \$14,000—and he said this is the reason why they did not press for their claim of \$14,000. Now it is up to the committee to evaluate this, to approve or disapprove of it.

Mr. JOHNSTON: Any contractor could cover up a profit in that way.

Mr. LANGLOIS: That is another statement.

Mr. JOHNSTON: I am pointing out to you that those things the witness has told us about are quite ordinary in this type of work.

Mr. LANGLOIS: That is your own judgment. That is not the statement of the witness.

Mr. JOHNSTON: And that the sum of \$3.00 per hour would cover all these losses; that is why the price is \$3.00 an hour.

The CHAIRMAN: May I point out, Mr. Johnston, that the witness has stated definitely and on three occasions that the \$3.00 is only for the hours where the trucks are actually employed in moving earth. Well, that is the basis, and he is supposed to pay \$3.00 for that. He paid \$2.75 an hour to truckers not only for that number of hours but for the other hours involved while they were standing idle or when they had left the camp to come to the place of operations so the \$2.75 per hour and the \$3.00 per hour are not on the same basis.

Mr. JOHNSTON: My contention, Mr. Chairman, is that it is, and that loss of time which you are describing as being a loss of time is calculated in the price—

Mr. PRUDHAM: What price?

Mr. JOHNSTON: And therefore, there would not necessarily be any loss.

The CHAIRMAN: The witness says that the \$3.00 is paid for the actual time spent in moving earth, so you cannot compare the two numbers of hours.

Mr. JOHNSTON: But he also went on to point out that there was a certain loss of time going from the camp to the job.



The CHAIRMAN: That is the time that the contractor pays to the truckers but, as you have heard, the government does not pay that to the contractor. They are entirely different sets of hours.

Mr. JOHNSTON: We all know that when jobs are sublet there is a profit on the subletting.

The Chairman: Yes, but here is a case where there was no profit.

Mr. JOHNSTON: What we are trying to ascertain and what the Auditor General was trying to ascertain is what was the amount of profit in the \$14,000?

The CHAIRMAN: Mr. Sellar, would you mind giving your views on the whole aspect of the question?

Mr. SELLAR: Mr. Chairman, I will just repeat really what I gave the other day. In paragraph 71, I said:

The Treasury Cost Audit Report on the project discloses that the contractor rented from others a number of trucks on the basis of \$2.75 per operating hour, which included fuel, repairs, services of operators, etc.

Now, then the Treasury Cost Auditor is an officer of the Comptroller of the Treasury who makes reports and, as Mr. Gibson has told you, is actually on the job. We get copies of his report. The material report concerning this is as follows; I will quote from his report:

The trucks numbered 111 to 171, inclusive, were hired from outside parties on the basis of \$2.75 per operating hour and included fuel, repairs, operator, etc.

It may be noted that these trucks have been claimed at the rate of \$3.00 per hour, which is a difference of 25 cents per hour on a total of 57,882 hours, or \$14,470.50.

That is the report of the Treasury Cost Accountant. On the basis of that report we examined the records of the department and not finding any explanation of why the department ignored or over-ruled the Treasury Cost Accountant, because the department is not bound by the Treasury Cost Accountant's report—they can accept, reject it, or vary it—but the records did not show that any action had been taken, therefore I thought it my duty to draw the attention of this committee to it. Beyond that I cannot say that this full \$14,000, as some members have felt, is a profit. I think that there is an intervening point some place there representing the contractor's extra costs. Then, to come to the question as to what part of these extra costs are overhead and chargeable to his fee, those are the questions I cannot answer, sir.

Mr. JOHNSTON: Are you in a position yet to ascertain what portion of that \$14,470.50 is profit?

Mr. SELLAR: No, sir.

Mr. JOHNSTON: And you have never been given sufficient information to make that decision.

Mr. SELLAR: These figures that have been quoted today are new to me. We would look to the Treasury Cost Accountant to review those figures. Had I known about them before I wrote this report I would have had them checked.

Mr. JOHNSTON: Still you are not in a position to ascertain if there is any profit, or if any portion of it is profit?

Mr. SELLAR: No.

Mr. JOHNSTON: So with these figures you were given today you are no wiser than you were before?

Mr. SELLAR: Except that I have this additional information to work on.



*By Mr. Langlois:*

Q. I have a few questions to ask. First, could we be told whether or not the contractor put in a claim for this extra time of the trucks travelling to and from the place where the trucks were actually working?—A. No, Mr. Chairman, he filed no claim to that effect.

Q. According to the wording of the contract between you and the contractor, could such a claim have been made?—A. Well, our engineers had a definite understanding with the contractor that he would be paid only for the hours he was hauling dirt with those trucks.

Q. Was this understanding in the contract itself?—A. I am not just sure whether it is in there in so many words, but it was well understood.

Q. It was well understood that he could not claim for this extra time?—A. He could only claim for the time the trucks were hauling dirt.

Q. Now, according to your experience when tenders are called for unit prices do contractors not take account of such losses when they set their unit prices?—A. The management fee which was paid in this case—I think it was about four per cent of the total amount, a very low fee for management—could not be held to be sufficient to cover such matters as the loss of time of operation of trucks on standby and that sort of thing. The only chance he has to recoup himself a little for the loss of time on the trucks is that he is also renting equipment to us, and what he loses on the trucks he might possibly make up on some other item of equipment that he was renting to us himself.

Q. But on this rental you fixed the rates?—A. That is fixed by public competition.

MR. PRUDHAM: How could he possibly make it up if his rates were all fixed by public competition?

THE WITNESS: I said, if you should wonder why he did not make up this amount out of his management fee, the management fee was not sufficient for that.

*By Mr. Langlois:*

Q. You received competitive offers in this case?—A. Yes.

Q. How many did you receive, do you recall?—A. I think I have that information here. Tenders were received from Poole Construction Company Limited; Crown Paving and Construction Company; Western Construction and Lumber Company, Limited; Fred Mannix and Company, Limited; General Construction Company, Limited; Assiniboia Engineering Company, Limited; Standard Gravel and Surfacing Company, Limited; Bond Construction Company, Limited.

Q. Why was this contractor given the contract?—A. Because he made the lowest tender.

Q. Now, did the contract provide for subcontracts?—A. As a matter of fact we took it for granted that the contractor would supply practically all his machinery himself and in the case of this contractor he told us quite definitely that he was prepared to put his own trucks on the job, but so many truckers came to him and asked him for work that he gave them work.

Q. Were there any subcontracts, do you know?—A. Trucking was the only subcontract.

Q. Now, when you give a contract like that, on a cost plus fixed fee, the contractor assumes the financing of the operation, the responsibility, and does he make a deposit on top of that?—A. Yes, when he signs the contract.

Q. What is this deposit and on what basis is it made?—A. I do not think I have that figure here, but it is a substantial fee so the man cannot back away from the contract.

Q. Do you make any holdbacks? When you make progress payments is there any percentage of those payments retained and paid to the contractor when he has completed the contract?—A. Under our system we always lag a little in payment under any contract—it takes so long to go through the paper work.

Q. So you have another method there?—A. Yes.

Q. Is the contractor required to provide insurance to cover his responsibility as a contractor?—A. Yes.

Q. You said you have no engineering staff to prepare tenders for a unit price. Have you figured out what it would have cost you to call for tenders had you had the staff to do it?—A. Our engineers advise us that in comparison with work done under similar conditions elsewhere we are getting very satisfactory results with the cost plus system.

Q. How does it work out with respect to other contracts on a unit price basis?—A. That is what I meant to convey.

Q. It compares favourably?—A. Yes sir.

*By Mr. Fraser:*

Q. I would like to ask how much the government paid the contractor for the use of this equipment? I understand it was a 5 per cent payment on the estimated cost of the equipment?—A. I do not think I have a copy of the contract here but I will tell you.

Q. The final payment would show that?—A. The construction equipment was supplied at a rental rate of approximately 5 per cent of the replacement value per month of 200 hours, plus operating costs.

Q. That would mean that if a bulldozer costs \$30,000 you would take 5 per cent of that per month?—A. Yes, if he operated it for 200 hours.

Q. Yes. Well, then he was not losing much on the trucks.

The CHAIRMAN: The trucks were not his.

*By Mr. Prudham:*

Q. I would like to ask Mr. Gibson whether they were flexible rates or were these rates competitive?—A. All rates were competitive.

Q. Why do you say it is 5 per cent—because it worked out that way?—A. I said that unfortunately I did not have the figure and I tried to give it as near as I could.

Q. Were those rates competitive on the individual machines, and lower than the other tenders?—A. Exactly.

The CHAIRMAN: The word "exactly" is not an answer to the question Mr. Prudham asked. Were the rates lower than asked by other competitors?

The WITNESS: The price for management and for the rental of the equipment were both lower than those in other tenders.

Mr. FRASER: Could I have the figure of what was paid for the 5 per cent on equipment—not now but at another time?

The CHAIRMAN: We will ask the witness for that information.

*By Mr. Fulford:*

Q. I would like to ask the witness if he is the Mr. Gibson who looks after the St. Lawrence Island national parks?—A. Yes, sir.

Q. I want to tell this committee that there is no other government official that watches pennies any closer than this gentleman does.

Mr. DREW: Have you tried to do something that he would not permit?

Mr. FULFORD: I would not dare.

The CHAIRMAN: If we are through with items 71 and 72, we shall proceed with the Auditor General's report, items 157 to 161. Are there any questions?

Well, gentlemen, I assume that we have finished our work in connection with the review of the Auditor General's report. We have with us today the officials of the War Assets Corporation or Crown Assets Disposal Corporation.

Mr. FRASER: Mr. Gibson will table the other information?

The CHAIRMAN: He will forward a further report in writing. I would like to thank the witness for his co-operation.

The WITNESS: Thank you, Mr. Chairman.

**Mr. H. R. Malley, President and General Manager, Crown Assets Disposal Corporation, called:**

*By Mr. Drew:*

Q. Just as a matter of record, the present name is Crown Assets Disposal Corporation?—A. Yes.

Q. On what date was the name changed from War Assets Corporation?—A. January 1, of this year.

Q. So that in any discussions which involve the name Crown Assets Disposal Corporation or War Assets Corporation we can regard them as interchangeable names for the purposes of this inquiry?—A. Exactly.

Q. Mr. Malley, how long have you been the president of the Crown Assets Disposal Corporation and the same organization under the name of War Assets Corporation?—A. Since August 1, 1949.

Q. Who was the president before then?—A. Mr. J. H. Berry, although I was acting president from November of 1947.

Q. From November of 1947?—A. Yes, I think that is right.

Q. Were you connected with the organization in an official capacity prior to November of 1947?—A. Yes.

Q. In what capacity?—A. Vice-president in charge of supply. My duty was to prepare all of the surplus declarations we had given to us for sale purposes.

Q. When you speak of surplus declarations you mean that when any property in possession of the government agencies or departments was declared war surplus, that notification came to you?—A. It came to us.

Q. And in your official capacity you dealt with that particular problem?—A. That is right.

Q. From what time did you occupy that position?—A. August 15, 1945—right after the Japanese surrendered.

Q. Yes, I am simply placing the date.—A. I remember it well.

Q. So then from August 15, 1945 you have been continuously associated with the War Assets Corporation, and that same corporation under the name Crown Assets Disposal Corporation, up until the present time, in some official capacity?—A. Yes, sir.

Q. Well, to deal with a particular property just to trace this through, do you know the details of the disposal of the Emerald mine to Canadian Exploration Limited?—A. Only what I have read in the files, because that was really before I had anything to do with that part of the business—that is the sale of properties. I believe that particular property was sold by Metals, or at least they made the negotiation.

Q. That was sold by Metals?—A. It was sold by our corporation but the negotiations were made by Wartime Metals—that was a part of the Department of Munitions and Supply.

Q. That property was declared to be war surplus?—A. Yes.

Q. And that declaration would come to you in your official capacity at that time?—A. No, not that type of property because there was really no



preparation needed in the way of the sale. Most of the preparations we had to do were on commodity sales—more than with real estate. Real estate sales really went through not our department but through the sales department.

Q. Of War Assets Corporation?—A. Yes.

Q. Who would be in charge at that time?—A. Mr. Berry.

Q. Is Mr. Berry available now?—A. No.

*By the Chairman:*

Q. Is Mr. Berry still connected with your Department?—A. No, nor with the government.

*By Mr. Drew:*

Q. Who, among the officials of Crown Assets Disposal Corporation, would be in a position to speak with knowledge of the details of these negotiations and the subsequent transactions?—A. I do not think there is anyone left in the corporation who knows anything more about it. However, I may be able to answer some of your questions.

Q. You may correct me if I do not state the position accurately, because I am simply reviewing the information in my possession. I think I can bring it to the point of asking a direct question by indicating what my understanding is. As I understand it, the Emerald Mine is a mine on the Salmon River in British Columbia. I understand that it was a mine that had been worked on for some years, and was then taken over by the Wartime Metals Corporation, during the war for the purpose of obtaining certain required metals.—A. Tungsten.

Q. Tungsten particularly; otherwise it would have been a lead and zinc mine.—A. That is right.

Q. It was taken over by Wartime Metals Corporation; and then this property was declared to be war surplus. Can you tell me the date on which it was declared war surplus?—A. No. I am sorry. I have not anything before the date of the agreement.

The CHAIRMAN: We have agreed to supply some information in the committee. There was given to us an idea of two particular items with which we were to deal. I anticipated that we would have a witness here today from your department who might be able to answer detailed questions for Mr. Drew. In fact, I personally undertook to have that done.

Mr. DREW: I recognize the fact that if this information is not available today, it can be prepared and that we can pass on to something else. Perhaps we can obtain such information as is possible from Mr. Malley today.

The CHAIRMAN: I thought an effort had been made to have a witness available today.

Mr. THATCHER: Are all War Assets Corporation activities since the end of the war open today for discussion, or just the last year?

The CHAIRMAN: The purpose, of course, of the committee in dealing with this question is to have the record absolutely clear as to one question raised here by Mr. Drew, namely, the disposal of certain government properties. Normally our authority is to deal only with what is in the public accounts for the year ending March 31, 1949. But I have taken it upon myself to extend the authority that we have in order to deal with the questions proposed by Mr. Drew, to deal with the disposal of certain properties by War Assets. Our order of reference, of course, limits us to this year. But in order to follow certain properties, for example, the one at Cartierville, we were not in a position to answer Mr. Drew satisfactorily with the public accounts of this year. I think some witness stated that the last time it was in public accounts was 1946 and that it has been



disposed of since War Assets had published its last report, last June, and that the disposal would appear in the next year's report of War Assets. But in order not to leave the record of this committee blank or questions unanswered, we agreed to let this inquiry proceed along this broader basis. I do not think we have parliamentary authority to do more but we have done many other things which might not have been within the authority of the committee. I am not accepting responsibility to go into all the details of War Assets down the years, nevertheless there are two questions which we want to clear up: this mine, and Canadair. Strictly speaking, we are limited to what is in the public accounts this year. I do not think the committee could extend its investigation to the whole list of properties that may have been disposed of, let us say, six years or ten years ago. But since I have given an undertaking to the committee, I think I must allow a little more leeway even if the question relates to a deal which may not have been recorded in this year's public accounts.

Mr. RICHARD: Mr. Chairman, does this matter not come in because certain payments are still due on the Emerald Mine?

The CHAIRMAN: It could, but it is not mentioned in the public accounts of this year.

Mr. DREW: Mr. Chairman, I do not want to disturb a perfectly satisfactory assurance. But I think in view of what has just been said, I would not want any impression to be left that this inquiry is being based upon any extension of the proper functions of this committee. What has just been said explains why this or anything of a similar basis would be before us.

In the case of the Emerald Mine and in the case of some other properties as well, in the list which we have, there are payments made during the year covered by public accounts; and if we are to understand the reason for those payments, whether the payments were in accordance with the terms of the contract, for example, or whether the Treasury had been collecting what it should, and whether there is any balance owing which should be recovered, the only thing we can do is to go back and find what arrangements preceded this particular entry.

The CHAIRMAN: That is why I said we ought to carry on with this, and I had given an undertaking to do so. To go into the whole question of the disposal of properties of War Assets after we have finished with Emerald Mine and Canadair will be for the committee to decide.

Mr. DREW: I feel this comes up properly under the present public accounts because there were payments made during the year covered by those accounts.

The CHAIRMAN: It would be better for the sake of orderly procedure if the page on which they are recorded were referred to as we go along.

*By Mr. Drew:*

Q. I shall proceed, then, in view of the explanation you have given. Now, Mr. Malley, I understand that you have not with you today the date of the declaration declaring this property to be war surplus?—A. No. I do not recall having had any notice at all to get information on this particular mine; otherwise I would have had more information about it.

Q. I am not raising the question at the moment.

The CHAIRMAN: That is a further question which we want to have answered.

Mr. DREW: I suggest, Mr. Malley, that you bring with you to the next meeting whatever files are necessary to answer any questions in connection with this property, including correspondence or otherwise relating to the negotiations in connection with it.

Mr. LARSON: The witness is prepared, I take it, to go on with Cartierville today?

*By the Chairman:*

Q. Are you prepared to go on with the Canadair Cartierville property?—

A. Yes.

*By Mr. Drew:*

Q. In so far as the information which you have today is concerned, I understand that the first incident in relating to the transaction of which you have knowledge is the agreement which was made. Would you give us the terms of that agreement in a simple outline, and explain to whom the property was sold?—A. It was sold to Canadian Exploration Limited. The date of the agreement was January 15, 1947. The purchase price was \$950,000, payable \$50,000 upon execution of the contract, and the balance, 50 per cent of the net profits per year.

Q. When you say "the balance, 50 per cent of the net profits per year", when would the amount become payable if there were no net profits?—A. There would not be any payment.

Q. You mean that the agreement was that the mine was sold for \$50,000 firm, and that there was a further balance of \$900,000 payable on the basis of 50 per cent of the net profits?—A. That is right.

Q. Am I correct then, that if there were no net profits, there would be no way in which a claim could be made in relation to the remaining \$900,000?—A. No, I do not think so. I might say that they have paid \$367,818.17 up to May 31 of this year.

*By Mr. Langlois:*

Q. How much does that represent per year?—A. The last payment was around \$50,000 to \$60,000.

*By Mr. Thatcher:*

Q. Does that include any interest charge?—A. You have got me there. I have no note of what the interest charge was.

*By Mr. Drew:*

Q. My other questions were not put in order to determine whether or not an additional amount had been paid. I wanted to understand the nature of the contract itself. I do not want to interrupt any subsequent questions being asked, but as I understand it, it was \$950,000; that \$50,000 was in cash, and that a further \$900,000 was to be paid if and when there were net profits, on a basis of 50 per cent per year of the net profits, if any.—A. That is correct.

Q. Was there any default clause which provided that if within any particular period the \$900,000 had not been paid, the title was to revert to the Crown?—A. I do not recall it.

Q. You would have a copy of that agreement?—A. Oh, yes.

Q. We could get it.—A. Yes.

Q. With whom were these negotiations carried out, so far as you were concerned?—A. They were carried out by the Wartime Metals Corporation on behalf of our corporation, because of their experience in this class of work.

Q. Do you know who was handling it on behalf of Wartime Metals?—A. No, I do not; but I think our files would show it.

Q. Do you know any of the details as to the advertising of this property?—A. No, I have not any information on that at all. You mean as to whether it was advertised before?

Q. Yes, and the nature of the advertisement and the date.—A. No.

Q. Would you be able to obtain any information on that?—A. Whatever is in our file is available. I would have to look the file over.

*By the Chairman:*

Q. May I suggest that the witness bring to the next meeting the files in order to permit him to give the answers as quickly as possible?—A. Yes.

Q. I agreed at the other meeting that the files would be brought here.

Mr. DREW: I am not suggesting that the questioning should stop, but so far as I am concerned, I have no further questions until the files are here.

The CHAIRMAN: That is quite fair. Shall we proceed then with the next order of business, the Canadair? We have other witnesses present. We have with us Mr. Scully, Mr. Gavsie, and former officials of the Department of Munitions and Supply. Would you kindly step up to the table, gentlemen?

We have with us, as I have said, Mr. Scully, who is the present deputy minister of taxation. He was formerly deputy minister of Reconstruction and Supply. With him is Mr. Gavsie, who was general counsel of Reconstruction and Supply. They are here in addition to Mr. Malley who is here for the same purpose.

*By Mr. Drew:*

Q. I shall first ask some questions of Mr. Malley in order to establish the relationship with War Assets Corporation; and then at such point that he feels it is more convenient to have the others answer the questions, I would suggest that he so indicate the fact when I ask a question which suggests it. Now, Mr. Malley, the War Assets Corporation was directed to take certain action in connection with Crown property at Cartierville, which had originally been operated under a management contract with Vickers Limited. On what date was it declared to be war surplus?—A. The date of the declaration was January 27, 1947.

Q. January 27, 1947; well, then, Mr. Malley, did the War Assets Corporation conduct negotiations in regard to the sale of this property, or were those negotiations actually completed prior to the time it was declared war surplus?—A. The declaration came to us after the agreement was made.

Q. Will you explain the reason for that? I ask you for this purpose: as I understand it, whatever was declared war surplus was then placed, in the ordinary course of events, under War Assets Corporation for disposal.—A. Yes.

Q. It would seem that this was different procedure than would ordinarily have been followed?—A. I suggest that Mr. Scully had better answer your questions.

Mr. GAVSIE: Mr. Chairman, perhaps I might answer. Under the Munitions and Supply Act the minister had authority both to acquire and dispose of munitions and supplies and defence projects, or as later defined, projects. Under the Surplus Crown Assets Act the minister of Reconstruction was the minister to whom surplus crown assets were declared by government agencies and departments as being surplus.

Then the Department of Munitions and Supply and the department of Reconstruction were amalgamated and became the Department of Reconstruction and Supply with the one minister; so that what you had in effect was a minister declaring items to be surplus to himself. Now, that procedure was followed even though it was the Minister of Reconstruction and Supply declaring items surplus to the Minister of Reconstruction and Supply. Under the Surplus Crown Assets Act it was the minister who had authority to dispose of it with the approval of the Governor in Council.

War Assets Corporation was merely an agency or a servant or an instrument of the minister to carry out such of the functions as the minister required the corporation to carry out. It was entirely the responsibility of the minister to



deal with it. So that when it is said that the declaration of surplus is dated January 27, 1947, that is a mere formality because, as I say, the minister declared it to be surplus to the minister, in short, to himself.

Mr. DREW: If that is so, what necessity was there for the minister to declare this property as war surplus in view of the fact, that, as you have already said, he had authority both to acquire and to dispose of property of that kind without any such intermediate procedure?

Mr. GAVSIE: It was to put it within the machinery that had been set up by the Surplus Crown Assets Act.

Mr. DREW: What advantage was gained by that? What was the necessity?

Mr. GAVSIE: Just to tie it in with existing procedure. There was no advantage gained by actually doing it.

Mr. DREW: If I make a statement it is not for the purpose of giving a statement as evidence, but for the purpose of presenting a basis for the question. As I understand it, those things which were declared war surplus in the ordinary course of events were what we have come to describe as expendable assets. That is right?

Mr. GAVSIE: Yes, that is right.

Mr. DREW: Such things as army trucks, surplus military jackets, and various things which found their way into the hands of those various agencies for disposal to the public, things described as expendable?

Mr. GAVSIE: That is right. In the year 1946 the War Expenditure and Economies Committee held 41 sessions at which the procedure for dealing with war surplus was fully gone into. Perhaps that is my own statement. A report was made to the House of Commons with certain recommendations, some of which, I think, were implemented. I think, Mr. Chairman, that you are familiar with the War Expenditures Committee meetings.

The CHAIRMAN: That is right.

Mr. GAVSIE: I just made inquiry this afternoon and I learned that there were 41 sittings of that committee in 1946. And in addition, in 1945 the procedure in connection with War Assets up to that time were also dealt with by the War Expenditures Committee.

Mr. DREW: The report to which you refer was presented in the spring of 1946 in the House of Commons, was it not?

Mr. GAVSIE: I would think it would be the fall. We are dealing with the general procedure of the War Assets Corporation and I offer that explanation.

The CHAIRMAN: You asked about expendables and disposals. I think it is fair to let the witness build his own background as you have built yours for your questions.

Mr. DREW: I think it is not only fair but highly desirable; and if I have on a couple of occasions seemed to be about to ask a question, it was not to interrupt. I think it is very useful information. I would point out that there was a considerable amount of discussion in 1946 in regard to the procedure to be followed, and I was only making comments for the purpose of trying to clarify, both in my mind and in yours, the basis upon which I was going to ask subsequent questions. I mentioned that in the ordinary course of events these things which were declared war surplus were expendable and we agreed on that. It would seem that this property would be entirely outside of the ordinary description; and for that reason and in relation to the explanation you have given, would you let me have a copy of any memorandum or instructions used by War Assets which described the procedure to be followed in cases of property of this kind which was being handled?



Mr. GAVSIE: I think that memorandum pretty well covered the procedures which were followed in 1946.

Mr. DREW: You mean what was tabled in that report was accepted by War Assets Corporation as the basis—

Mr. GAVSIE: I think the witnesses were from War Assets and they indicated the procedures that were being followed at that time.

Mr. DREW: Yes. Now, in regard to this particular property, it was not a property which at any time became inoperative, was it?

Mr. GAVSIE: No. I think that if I were permitted to refer to the statement that was made by the minister (Right Hon. Mr. Howe) on March 20, 1947, as it appears in *Hansard*, that might give you the complete answer to the question.

Mr. DREW: I have that, it is at page 1540 of *Hansard* of March 20, 1947.

Mr. GAVSIE: March 20, 1947, that was the date. Now, I cannot do any better than refer to that statement as to the reasons why this plant was disposed of.

The CHAIRMAN: Would you care to summarize for the clarity of the report of this committee?

Mr. GAVSIE: I do not want to be too long about it.

Mr. DREW: I think we can afford to take plenty of time on this subject.

Mr. GAVSIE: Might I read?

The CHAIRMAN: I was the one who asked for it, so I think we are in agreement on that point.

Mr. GAVSIE: Might I read the whole statement?

The CHAIRMAN: I think that definitely would be advisable.

Mr. GAVSIE: This is Mr. Howe speaking:

The aircraft plant at Cartierville, P.Q., was constructed by the dominion government in 1942, for the production of P.B.Y. (Catalina) and P.B.Y. (Canso "A") types of amphibian aircraft, in response to an urgent demand for aircraft of this type from the R.C.A.F. and from the air Services of the United States, it being represented that important operational assignments made the procurement of these planes imperative. A total of 340 P.B.Y. aircraft were produced at the plant between September, 1943 and March, 1945, and in addition, 29 P.B.Y. aircraft were assembled, at St. Hubert, from parts built at Cartierville. A further 119 hulls and 172 centre sections were built at Cartierville and shipped as components to the United States. The first aircraft were delivered within nine months of the start of production. This was a remarkable feat for a group of working men and women who had little or no experience in aircraft manufacture. It will be seen from the production schedule, which I will ask to have printed in *Hansard*, that the aircraft were produced at a satisfactory rate, and that substantially more than half of the production was purchased by the U.S. government.

The total cost of the facilities at Cartierville, including land, buildings, plant, machinery and tooling, amounts to \$21,825,777.33.

Early in 1944, it became apparent that additional orders for P.B.Y. types would not be forthcoming. It was imperative that plans be made either for closing the plant and laying off some 8,000 skilled workers then in employment, or alternatively that another type of airplane should be undertaken. Requirements for fighter planes for the R.C.A.F. were well in hand, but both R.C.A.F. and Trans-Canada Air Lines had substantial requirements for long range transport planes. The stated requirement of R.C.A.F. for long range transport was then a minimum of 50 aircraft, and for T.C.A., a minimum of 25 aircraft. At that time, practically all

four-engine long range transport planes were being built in the U.S., and, of these, the Douglas C-54 was generally considered to be the best. An extensive study was made by Canadian engineers, in collaboration with Douglas and Rolls Royce, to determine the type of plane best suited to Canadian requirement. The conclusion was that the commercial adaption of the Douglas C-54 known as the DC-2, powered with Rolls Royce engines, would be the aircraft peculiarly well adapted to Canadian service and commercial air line requirements.

The government therefore negotiated with the Douglas Aircraft Company, and secured a licence agreement under which Douglas undertook to furnish plans of its DC-4 type, as well its DC-6 type then being designed, and to assist in the Development, redesign and construction in Canada of an aircraft based on Douglas design and fitted with Rolls Royce power plants. In this arrangement, the Rolls Royce Company co-operated fully. The negotiations were completed in the fall of 1944.

The Cartierville plant had been built and managed for the crown, under a management agreement, by Canadian Vickers Limited, who had additional aircraft facilities at St. Hubert. Later, in 1944, the Canadian Vickers Company was engaged in an extensive shipbuilding programme for the allied navies and the merchant service, which involved heavy financial commitments. It was considered advisable to ask Canadian Vickers to divest itself of its management responsibilities related to the Cartierville plant, and to devote its full resources to shipbuilding. The government then entered into a management contract with a group of men who were at that time in charge, for Canadian Vickers, of the management of the Cartierville plant. These men formed a corporation, under the name of Canadair Limited, as a privately-owned management company, charged with the exclusive duty of operating the Cartierville plant as agents of the crown for the production of transport aircraft, as well as to carry out further commitments such as sub-contracts for the U.S. Navy for the production of P.B.Y. hulls and centre sections. These latter orders engaged the facilities at Cartierville until March, 1945. During the same period, engineering and tooling for the Canadian transport plane was advanced as rapidly as possible, having regard to the fact that Canadair, Douglas and Rolls Royce were then filling important war commitments.

After the end of the European war in May 1945, U.S. sub-contracts were terminated. Employment at Cartierville was then maintained by accepting contracts from commercial air lines in Canada, the U.S., South America, and Europe to meet a desperate peacetime need for transport equipment. Engineering and tooling for our four-engine plane had not reached the point where facilities at the plant could be fully employed, and therefore orders were accepted from more than 16 commercial operators for the conversion of U.S. Army Dakota type transports to the commercial DC-3 type. The work involved stripping down army planes and practically rebuilding them into transport types, almost the equivalent of building a new airplane. This work commenced in the early summer of 1945 and is still in progress. Up to the middle of September 1946, 87 DC-3 aircraft had been delivered, and this work is still continuing. The integration of these various programmes enabled a high level of employment to be maintained at Cartierville, and also enabled the plant to retain the services of trained personnel for the production, in due course, of a programme of four-engine transport planes.

The first four-engine transport plane, named the NORTH STAR, left the assembly line in June 1946, less than two years after the program was initiated. This prototype has performed satisfactorily, and

has fulfilled the expectations of the group that planned the new plane. A total of seven finished aircraft have been produced to date, and it is expected that T.C.A. will operate six of these planes in its regular Trans-Atlantic service on or about April 1, 1947.

Out of several long range transport planes planned by manufacturers in U.S. and U.K. at about the same time, some of them earlier, only one is in operation to date, namely the Lockheed CONSTELLATION. Operational experience with that plane has not been altogether satisfactory, resulting in its being grounded for periods on two occasions. The Canadian plane being the second post-war transport plane, it was felt that exhaustive tests under all conditions of weather should be made before the plane was put in operation. These have been conducted during the winter months, and minor modifications have resulted. It is worthy of note that ours is the second post-war plane to go into operation. Not a bad record for Canada.

Total value of all production at the Cartierville plant up to September 14, 1946, which is the date of transfer of the management to Electric Boat Company, was as follows:—

|  |                  |
|--|------------------|
| U.S. Government contracts and sub-contracts..... | \$ 54,780,000 00 |
| R.C.A.F. contracts for P.B.Y.'s.....             | 27,340,000 00    |
| Trans-Canada Air Lines for DC-3 conversions..... | 2,730,000 00     |
| Foreign customers for DC-3 conversions.....      | 10,480,000 00    |
| Inventory on hand at September 14, 1946.....     | 9,750,000 00     |
| Total .....                                      | \$105,080,000 00 |

Employees at Canadair Limited at December 31, 1946, totalled 7,383 persons.

During 1946, the Electric Boat Company, a substantial American corporation, became interested in the Cartierville project. This company, with large financial resources, had examined carefully into Canadian economic conditions, and became convinced that it could wisely and profitably engage some of its liquid capital in Canada. After extensive negotiations, Electric Boat Company acquired substantially all of the stock of Canadair Limited, and has entered into an agreement with the Canadian Government, effective as of September 14, 1946, covering the Crown facilities, contracts, etc., at Cartierville. The main features of the agreement are as follows:—

- (a) Electric Boat Company to provide Canadair Limited with \$2,000,000 working capital forthwith;
- (b) Canadair Limited to waive all claim or right to fees or profits from the beginning of its operations to and including September 14th, 1946;
- (c) Canadair Limited to buy at book value the assets of the project, as at September 14th, 1946, exclusive of plant, tools and automotive equipment, and to assume the liabilities as set out on the balance sheet of the project prepared as of that date;
- (d) Canadair Limited to buy such automotive equipment as it might require, at prices to be agreed upon with War Assets Corporation;
- (e) Canadair Limited and the Government to enter into a 15-year lease-option agreement covering the plant facilities and tools, under which the Company will pay a fixed annual rental of \$200,000, and will have an option to acquire all of the facilities, including the tools, at an inclusive price ranging from \$4,000,000 in the first year to \$2,511,961 in the 15th year;



- (f) Of the assets to be purchased by the Company, a balance of \$3,886,821.10 to be paid for in equal quarterly instalments from June 30th, 1947 to December 31st, 1948, with interest on the unpaid balance at the rate of  $3\frac{1}{2}$  per cent per annum;
- (g) The Government to assign to Canadair Limited its licence agreement with the Douglas Aircraft Company;
- (h) Canadair to agree to sell to the Government and Trans-Canada Air Lines 24 R.C.A.F. type and 20 T.C.A. type aircraft at negotiated fixed prices of \$630,000 and \$660,000 each respectively, sales tax extra.

Before entering into this agreement, the Department of Reconstruction and Supply satisfied itself that this company is able to provide capable and experienced management for the plant. Mr. W. Oliver West, an early officer of TCA, who had since become manager of operations of the Boeing plant at Seattle, and had been in responsible charge of the gigantic war production of Boeing, was designated as President of Canadair. The Government is satisfied that the present Canadair Company is providing expert and experienced management for the Cartierville property.

Shortly after the war ended, requirements of both the R.C.A.F. and TCA were revised downward. The present requirement of R.C.A.F. is for 24 airplanes and for TCA, 20 airplanes. This reduction in requirements has of course added to the cost of each individual plane, although the cost of the planes is still well below the cost of purchasing and importing into Canada planes of competitive type.

I will now table a statement showing airplanes produced each month from the Cartierville plant, together with a list of purchasers of DC-3 conversions. I would ask that these tables be printed in Hansard.

I believe that this statement answers all questions regarding this matter now standing on the Order Paper.

And in addition to that I might mention that I think it was on the 16th of April, 1947, that the minister tabled the contracts and documents relating to the transaction with the Canadair people.

MR. PRUDHAM: There is a summary besides that as well, is there not? In fact are there not two summaries? Would it not be possible to have them put in the record, Mr. Chairman?

MR. GAVSIE: It is a pretty complicated table to read.

THE CHAIRMAN: It need not be read, but it will be printed.

MR. PRUDHAM: I mean the rest of the statement in Hansard.

MR. LANGLOIS: You mean print it, not read it.

MR. DREW: May I take it, in connection with these statements, that you are in a position to speak with some knowledge of the details of this statement?

MR. GAVSIE: Mr. Scully and I are familiar with the details. I want to make it quite clear that the matter of deciding on whether the sale should be made or not, the policy matters, are matters for the minister and the Governor in Council, and not for a civil servant to discuss.

MR. DREW: I will not ask you to interpret policy, whether or not this should have been done; no, I am simply going to ask you facts in regard to the deal.

MR. GAVSIE: Could I make just one more statement, Mr. Drew? There are two orders-in-council; each approved the carrying out of these transactions. I think, Mr. Chairman, that Mr. Drew requested the Privy Council office to let him have copies some time ago, and I understand—

THE CHAIRMAN: Those might be printed in this report as appendices.



Mr. PRUDHAM: I think we should complete that *Hansard* statement before going on with anything else. I think this full statement should be recorded here instead of just part of it.

The CHAIRMAN: What do you mean?

Mr. GAVSIE: The two schedules. I would like to be excused from reading them.

Mr. PRUDHAM: No, the balance of *Hansard*—

The CHAIRMAN: It will be included in the report as this point, but the witness wants to be excused from reading it; it is quite lengthy.

SUMMARY OF AIRCRAFT AND MAJOR COMPONENTS BUILT, CONVERTED, AND OVERHAULED AND REPAIRED AT CARTIERVILLE CROWN PLANT FROM JANUARY, 1943 (COMMENCEMENT) TO 14TH SEPTEMBER, 1946

| Date                      | P.B.Y. Aircraft | Hulls | P.B.Y. Centre Section | North Star Aircraft | Conversion and Overhaul of Douglas C-47 and DC-53 Aircraft |
|---------------------------|-----------------|-------|-----------------------|---------------------|--|
| 1943                      |                 |       |                       |                     |  |
| September.....            | 3               |       |                       |                     |  |
| October.....              | 9               |       |                       |                     |  |
| November.....             | 13              |       |                       |                     |  |
| December.....             | 11              |       |                       |                     |  |
| 1944                      |                 |       |                       |                     |  |
| January.....              | 16              |       |                       |                     |  |
| February.....             | 16              |       |                       |                     |  |
| March.....                | 25              |       |                       |                     |  |
| April.....                | 26              |       |                       |                     |  |
| May.....                  | 27              |       |                       |                     |  |
| June.....                 | 16              |       |                       |                     |  |
| July.....                 | 25              |       |                       |                     |  |
| August.....               | 22              |       |                       |                     |  |
| September.....            | 1               |       |                       |                     |  |
| October.....              | 20              |       |                       |                     |  |
| November.....             | 26              |       |                       |                     |  |
| December.....             | 30              | 6     | 6                     |                     |  |
| 1945                      |                 |       |                       |                     |  |
| January.....              | 30              | 1     | 1                     |                     |  |
| February.....             | 22              | 4     | 16                    |                     |  |
| March.....                | 2               | 12    | 28                    |                     |  |
| April.....                |                 | 15    | 26                    |                     |  |
| May.....                  |                 | 21    | 22                    |                     |  |
| June.....                 |                 | 24    | 32                    |                     | 1  |
| July.....                 |                 | 20    | 24                    |                     | 4  |
| August.....               |                 | 16    | 18                    |                     | 2  |
| September.....            |                 |       |                       |                     | 5  |
| October.....              |                 |       |                       |                     | 6  |
| November.....             |                 |       |                       |                     | 5  |
| December.....             |                 |       |                       |                     | 7  |
| 1946                      |                 |       |                       |                     |  |
| January.....              |                 |       |                       |                     | 2  |
| February.....             |                 |       |                       |                     | 5  |
| March.....                |                 |       |                       |                     | 8  |
| April.....                |                 |       |                       |                     | 7  |
| May.....                  |                 |       |                       |                     | 6  |
| June.....                 |                 |       |                       |                     | 8  |
| July.....                 |                 |       |                       | 1                   | 10   |
| August.....               |                 |       |                       |                     | 5  |
| September (1st-14th)..... |                 |       |                       |                     | 6  |
|                           | 340             | 119   | 172                   | 1                   | 87   |

N.B.—During the period February to August, 1943, an additional 29 P.B.Y. aircraft were produced at Cartierville for final assembly at St. Hubert.

## SUMMARY OF CONVERSION JOBS BY PURCHASERS

JUNE, 1945 (COMMENCEMENT) TO 14TH SEPTEMBER, 1946

| Purchaser                                  | Nature of Job              | Quantity |
|--|----------------------------|----------|
| A.B. Aerotransport (Sweden).....           | C-47 to DC-3.....          | 3        |
| AviQUIPO—Mozambique.....                   | C-47 to DC-3.....          | 3        |
| AviQUIPO—Portugal.....                     | C-53 to DC-3.....          | 4        |
| AviQUIPO—Spain.....                        | C-53 Special.....          | 1        |
| Colonial Airlines Inc., U.S.A.....         | C-47 to DC-3.....          | 3        |
| Eldorado Mining & Refining (1944) Ltd..... | C-47 Special.....          | 1        |
| Doris—Yellowknife.....                     | C-47 Special.....          | 1        |
| Eastern Airlines, Inc., U.S.A.....         | C-53 to DC-3.....          | 15       |
| French Air Mission.....                    | C-53 to DC-3.....          | 5        |
| Línea Aeropostal Venezolana.....           | C-47 to DC-3.....          | 3        |
| Netherlands Purchasing Commission.....     | C-47 Overhaul.....         | 12       |
| Norseman Air Transport U.S.A.....          | C-47 Special.....          | 1        |
| Northeast Airlines Inc., U.S.A.....        | C-47 Overhaul.....         | 1        |
| Royal Norwegian Purchasing Commission..... | C-53 and C-47 to DC-3..... | 5        |
| SABENA Belgium.....                        | C-49 and C-47 to DC-3..... | 7        |
| T.C.A.....                                 | C-47 to DC-3.....          | 20       |
| USCAN Engineering Ltd., Canada.....        | C-47 Special.....          | 1        |
| ZONA Argentina.....                        | C-47 to DC-3.....          | 1        |
| TOTAL.....                                 |                            | 87       |

Mr. PRUDHAM: Mr. Chairman, it is not the two schedules I am referring to; it is the balance of the *Hansard* statement—

Mr. LANGLOIS: Not included in the press release?

Mr. PRUDHAM: —that was not included in the press release.

The CHAIRMAN: Would you kindly indicate the page number?

Mr. PRUDHAM: Page 1543 of *Hansard*.

Mr. DREW: Mr. Chairman, I think the witness has read everything down to the point at which Mr. Howe tabled the figures, and what follows that is a summary of aircraft and major components built, converted, and overhauled.

Mr. PRUDHAM: That is what I would like to have on the record.

The CHAIRMAN: That is what the witness wanted to be excused from reading because of the difficulty of reading the columnar information.

Mr. Prudham moves that the balance of the report, as printed in *Hansard*, be printed at this point in the evidence. I think it is acceptable to members of the committee. Is it agreed?

Agreed.

The orders-in-council will be published as appendices to these proceedings.

Mr. DREW: Would you just give the numbers?

Mr. GAVSIE: P.C. 242, January 21, 1947, and P.C. 930, of March 13, 1947.

Mr. WARREN: Read them out.

Mr. FLEMING: Mr. Chairman, would it not be more convenient to have these orders-in-council printed in the text rather than as an appendix. If they are printed in the text we will have a running story then.

The CHAIRMAN: It is immaterial. They will be included in the text.

Mr. DREW: As I understand it, the orders-in-council to which you have referred, and which will now appear in the text at this point—

Mr. GAVSIE: Mr. Chairman, I suppose I have the protection of the committee in procuring an order-in-council that I happen to have in my possession. I hope I am not transgressing any law.

The CHAIRMAN: It is a matter of public information, and you told us that Mr. Drew had copies.

Mr. GAVSIE: They are not officially in my custody.

The CHAIRMAN: Copies of orders-in-council can be produced. They will be printed in the evidence here.

MD/9

P.C. 242

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 21st January, 1947.*

The Committee of the Privy Council have had before them a report, dated 21st January, 1947, from the Minister of Reconstruction and Supply, representing:

1. That discussions have taken place between officers of the Department of Reconstruction and Supply and Electric Boat Company, a New Jersey Corporation, with reference to the take-over of the Crown plant and operation at Cartierville, Quebec, presently being managed by Canadair Limited for and on behalf of His Majesty;

2. That Electric Boat Company has arranged to acquire substantially all the capital stock of Canadair Limited, and arrangements for such take-over have been made on the following basis;

- (a) Electric Boat Company will provide Canadair Limited with \$2,000,000.00 working capital forthwith;
- (b) The management-fee agreement authorized by Order in Council P.C. 8991 of November 28, 1944, as amended by authority of Order in Council P.C. 4060 of June 7, 1945, shall be deemed to have been terminated as of September 14, 1946, except with respect to the production of the 44 aircraft and spare parts hereinafter referred to. The provisions of the said agreement relating to the payment of fees or profits to Canadair Limited shall be deemed to be cancelled *ab initio* and Canadair Limited shall not have any claim for right to fees or profits whatsoever for the period up to September 14, 1946;
- (c) On the instructions of the Minister of Reconstruction and Supply, a balance sheet of the project as at September 14, 1946, has been prepared by Clarkson, Gordon & Company, Chartered Accountants, and has been accepted by the parties as disclosing the true state of affairs as at the said date;
- (d) His Majesty through War Assets Corporation will enter into a 15-year lease option with Canadair Limited with respect to the plant, equipment and tooling on substantially the following terms:
  - (i) The basic value of the plant will be fixed at \$3,500,000.00;
  - (ii) The annual rent will be \$175,000.00, payable monthly, commencing September 15, 1946;
  - (iii) Canadair Limited will have the option of purchasing the plant for \$3,500,000.00, less depreciation recovered by the Government as part of the rent;
- (e) His Majesty, or Trans-Canada Air Lines, as the case may be, will enter into firm price contracts with Canadair Limited for the completion of the 44 North Star aircraft and spare parts, presently being built at the plant, such fixed price to be negotiated as soon as possible. Provision will be made in the fixed price contracts for progress payments based on the degree of completion of the contracts. Pending the determination of a fixed price, progress payments shall be made semi-monthly, or at such other periods as may be agreed upon, on the



estimated total cost incurred by Canadair Limited in respect of such production based upon claims prepared and certified by the proper officers of Canadair Limited. As at September 14, 1946, the amount so claimable is \$5,859,138.74;

- (f) The Douglas licence agreement and any and all rights of His Majesty in the development of the North Star Aircraft will be assigned to Canadair Limited and any royalties heretofore paid to Douglas in respect of the Aircraft will be taken into account in settling the price for such Aircraft. The provisions in the said licence agreement waiving withholding taxes on payments to Douglas thereunder will be applicable to any payments to be made by Canadair to Douglas thereunder. Provision will be made for the reassigning of the licence agreement to His Majesty in the event of the termination of the lease option agreement prior to the exercise of the option to purchase;
- (g) Canadair Limited will be given the first opportunity to lease or purchase the additional plant, presently being used by it and known as the Noorduyn Plant, should His Majesty desire to lease or sell the plant to another;
- (h) Canadair Limited will purchase the current assets (less liabilities) and the inventories at the value thereof shown on the balance sheet referred to in paragraph (c) above;
- (i) Canadair Limited will take over the operation as of September 14, 1946, and all debits and credits will be adjusted as of the said date;

The Minister considers the arrangements to be fair and reasonable and in the public interest and he therefore recommends that he be authorized to conclude arrangements with Electric Boat Company and Canadair Limited on the foregoing basis and upon such other terms and conditions, not inconsistent therewith, as he may consider necessary or advisable and to execute such agreements and documents and do such other acts or things as may be required to give effect thereto.

The Committee concur in the foregoing recommendation and submit the same for approval.

*Clerk of the Privy Council.*

P.C. 930

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 13th March, 1947.*

The Committee of the Privy Council have had before them a report dated March 12, 1947 from the Minister of Reconstruction and Supply, representing:

That by Order in Council P.C. 242 of January 21, 1947, authority was granted to enter into an agreement with Electric Boat Company and Canadair Limited for the takeover by Canadair Limited (hereinafter called "The Company"), as and from September 14, 1946, of the plant and operation carried on by it at Cartierville, Quebec, on behalf of His Majesty;

That the said agreement provides that His Majesty or Trans-Canada Air Lines, as the case may be, will enter into firm price contracts as soon as possible with Canadair Limited for the completion of the 44 North Star aircraft presently being built at the plant;

That the lease option with the Company for the plant, equipment and tooling provides for rental of the tooling in the plant as at September 14, 1946 and that tooling subsequently acquired would be charged as a cost of the contract. This will result in a division of ownership between the Crown and the lessee and will result in no recovery to the Crown for the tooling so to be provided. In similar cases it has been the practice of the Department to provide the tooling as a separate item and retain ownership thereof;



That it is advisable and in the public interest that the tooling manufactured or acquired by the Company from September 15, 1946, to March 31, 1947, for the production of the said 44 aircraft should be paid for separately and title thereto should vest in the Crown; it is estimated that the cost of such tooling for such period will not exceed \$3,000,000.00, and funds for the payment of such cost are available out of Vote 605 of the Estimates for the fiscal year ending March 31, 1947;

That the said agreement further provides that the Douglas License Agreement will be assigned to the Company subject to the written consent of the Douglas Aircraft Company Inc. (hereinafter called "Douglas");

That Douglas has agreed to consent to the assignment of the Douglas License Agreement provided the Canadian Government will remain liable for the payment of the royalties on the 44 aircraft or will pay such royalties now; it is advisable and in the public interest that such royalties should now be paid to the Company to be held in escrow for the account of Douglas, and funds for such purpose are available out of the said Vote 605;

That it is proposed to amend the terms of the 15-year lease option with the Company relating to the plant, equipment and tooling to include the tooling to be provided as above mentioned, and to increase the basic value of the plant and the option price to \$4,000,000.00 and to increase the annual rent to \$200,000.00;

That it is proposed that the basic price for the 20 aircraft for Trans-Canada Air Lines will be \$660,000.00 each and the basic price for the 24 aircraft for the Royal Canadian Air Force will be \$630,000.00 each, sales tax, if any, extra; and

That the Minister considers the proposed prices to be fair and reasonable.

The Committee, therefore, on the recommendation of the Minister of Reconstruction and Supply advise that the foregoing be approved and that authority be granted for the execution of such contracts and other documents as may be necessary to give effect thereto.

*Clerk of the Privy Council.*

Mr. DREW: Then, the orders in council to which you are referring are orders in council that covered the first agreement with the Electric Boat Company and the supplementary agreement completed in March of 1947?

Mr. GAVSIE: It authorized all the transactions that took place in 1947.

Mr. DREW: Then, that transaction can be summarized in this way, that it was an agreement under which the Electric Boat Company had an option to purchase for \$4 million a Crown property under consideration with the proviso that with each succeeding year the amount would become less. That is correct, is it not?

Mr. GAVSIE: That, roughly, is correct. The agreement speaks for itself.

Mr. DREW: Well, in any event it was an agreement under which they had an option to rent the property at an annual rental of \$200,000?

Mr. GAVSIE: There was an annual rental with an option to purchase the property.

Mr. DREW: An option to purchase the property until such time as they should choose to exercise that for a period of fifteen years and, as I understand it, that option was exercised last year?

Mr. GAVSIE: I think perhaps Mr. Malley should answer that.

The WITNESS: There was an amendment to the lease option dated September 15, 1949. This amendment allowed for additional land around the existing property due to their requirements for a building to go across the property and they needed this extra land to square out their arrangements. That additional property was estimated at about \$2 million and Canadair considered it inexpedient to reduce its working capital by cash payments.

I am perhaps getting a little ahead of my story there, but the increase in the land was allowed and the time for payment was increased to twenty-five years from 1946, and the additional land was at the same cost per acre as the original land. That was on September 15, 1949.

On October 1—they only operated for two weeks on that basis—they came along and exercised their option to purchase the property and the price they paid was in accordance with the schedule appearing in the amended agreement which was \$3,760,745.

*By Mr. Drew:*

Q. And what did they pay in addition for the extra land?—A. \$8,017.

Q. So that the land that was valued at \$2 million—A. No, the land was only valued at \$47,000.

Q. I thought you said a moment ago it was valued at \$2 million?—A. No, this was the property which they were going to build—\$2 million.

Q. The land was valued at what?—A. The original area was \$47,000 and the additional was \$8,017.

Mr. SCULLY: They divided the \$47,000 by the original acreage.

The WITNESS: And we got the same price per acre.

*By Mr. Drew:*

Q. What was the additional?—A. 6.89 acres.

Q. For \$8,017?—A. Yes.

Q. Is that included in the \$3,760,745?—A. Yes.

Q. So that that was the total purchase price of the property that they took over with this additional land? Then, have you a copy of the two orders in council?—A. There was only one order in council.

Q. There were two agreements?—A. Yes, and one order in council.

Q. Have you got a copy of both agreements?—A. Yes, I have a copy of both agreements. That is the amended agreement; that is the lease purchase agreement and there will be one—there will be the sales agreement.

Q. Have you got the sales agreement there, too?—A. Yes, here is the sales agreement.

The CHAIRMAN: In order that there will be no misinterpretation, I think we had better have them in the course of the evidence rather than at the end.

Mr. DREW: Yes, and I wonder if the secretary could arrange to have them in the proper time sequence?

The CHAIRMAN: Yes.

File 14-C-274-1  
P.C. 242/47

This Agreement made as of the 15th day of September, 1946.

Between:

His Majesty the King in right of Canada (hereinafter called "His Majesty") herein represented by the Honourable the Minister of Reconstruction and Supply (hereinafter called "the Minister") herein acting through War Assets Corporation (hereinafter called "the Corporation") of the First Part

AND

CANADAIR LIMITED, a corporation organized and existing under the laws of the Dominion of Canada with its principal place of business in the Parish of St. Laurent, Province of Quebec (hereinafter called "Canadair") of the Second Part.

Whereas His Majesty is the owner of certain lands, buildings, machinery, jigs, dies, gauges, tools, furnishings, fixtures and equipment constituting an aircraft manufacturing plant (hereinafter called "the plant") located in the Parish of St. Laurent, in the Province of Quebec and is the owner of an airport adjacent thereto known as the "Cartierville Airport";

And whereas Canadair until September 14th, 1946, has heretofore operated the plant for and on behalf of His Majesty as His agent, at His expense, under His supervision and under His control;

And whereas His Majesty has agreed to grant to Canadair a lease of and option to purchase the said lands, buildings, machinery, jigs, dies, gauges, tools, furnishings, fixtures and equipment, including all jigs, tools, dies, gauges, expendable small tools, and fixtures manufactured or otherwise acquired for the production of North Star aircraft;

And whereas His Majesty was the holder of a license to manufacture and sell airplanes and spare parts under an agreement made as of the 12th day of November, 1946, between His Majesty and Douglas Aircraft Company, Inc., of Santa Monica, California (hereinafter called "Douglas"), as amended by letted dated November 19th, 1946, from Douglas to the Minister approved by the Minister under date of December 7th, 1946 (hereinafter called the "Douglas contract"), which Douglas Contract has been assigned by His Majesty to Canadair, with the consent of Douglas.

NOW, THEREFORE, these presents witnesseth:

THAT the parties covenant and agree as follows:

1. *Leased Premises.*

His Majesty hereby leases unto Canadair the following and Canadair accepts such lease:

- (a) The land forming part of the plant to be set forth in the description and outlined in a sketch plan to be signed by the parties hereto and identified as forming part of this agreement and which shall be attached hereto as Schedule "A" to form part hereof (the said land being hereinafter called "the land");
- (b) The buildings erected and presently situated on the said land, together with all things immovable attached thereto or forming part thereof for a permanency (all of which are hereinafter collectively called "the buildings");
- (c) All of the machinery, furnishings, fixtures and equipment located at the plant and the Noorduyn Plant so-called presently held under lease by Canadair, to be listed in an inventory which shall be signed by the parties hereto and identified as forming part of this agreement and which shall be attached hereto as Schedule "B" to form part hereof, and also all jigs, tools, dies, gauges and expendable small tools (except the special tooling to which reference is made in paragraph (d) of this Section 1) located at the plant and at the Noorduyn plant (hereinafter collectively called "the leased equipment");
- (d) All jigs, tools, dies, gauges and fixtures manufactured or otherwise acquired up to March 31st, 1947, for the manufacture of North Star aircraft (hereinafter called "the special tooling");

All of which lands, buildings, leased equipment and special tooling are hereinafter sometimes collectively called "the leased premises".

2. *Term.*

The term of the lease shall be 15 years from the 15th day of September, 1946, until September 14, 1961, unless terminated by His Majesty as hereinafter provided.



### 3. *Rent.*

- (a) Canadair shall pay to His Majesty (the Corporation being hereby designated until further notice as the agent of His Majesty to receive payment) an annual rent of \$200,000.00 payable in equal monthly installments, of \$16,666.66 in advance, all of such installments unpaid from the 15th day of September, 1946, to the date of execution of this lease option to become due and payable concurrently with the execution hereof and each future installment to become due and payable on the 15th of each month in advance;
- (b) The rent shall be deemed to accrue from day to day;
- (c) Canadair's obligation to pay the rent herein stipulated shall not be subject to abatement or diminution by virtue of loss of or damage to the leased premises or any part thereof.

### 4. *Maintenance and Repair.*

- (a) Canadair agrees to accept the leased premises in their present condition and, unless the option to purchase for which provision is hereinafter contained be exercised, agrees, subject to the next following sentence, to deliver up the buildings and leased equipment to His Majesty at the termination of the lease, in as good condition as the same were at the commencement of the lease. Canadair shall return the plant in as good operating condition as at the commencement of the lease, substantially with the same productive capacity as at the commencement of the lease, and for that purpose shall make such replacement or substitution of machines, machine tools and equipment which have become worn out or obsolete as may be necessary to retain such productive capacity.
- (b) Unless and until the option to purchase for which provision is hereinafter made be exercised, Canadair shall at all times during the term of the lease, at its own expense, maintain the buildings and leased equipment in proper order and condition and shall make thereto such repairs, (whether lessor's repairs or lessee's repairs) and replacements as may from time to time be necessary for such purpose.
- (c) It is further understood that title to repairs, replacements or substitution expressly made to retain the productive capacity as aforesaid shall vest in His Majesty as part of the leased premises but that title to all other acquisitions, purchases and substitutions shall vest in Canadair.
- (d) Canadair may make such additions, alterations and changes as it may desire in the leased premises provided that no alteration of a substantial nature in the buildings shall be made without prior approval of the Minister; Canadair shall not be required to render a detailed accounting of the special tooling but shall deal with it in bulk. Canadair for its more efficient operation shall be entitled to alter the form of such special tooling and to make any and all changes, revisions and alterations whatsoever in the form and nature thereof without any accounting to or approval by His Majesty, and shall only be under the obligation at the termination of the lease to deliver to His Majesty the special tooling in whatsoever form, shape or condition it may then be. Canadair if it desires at any time or from time to time to dispose of any portion or portions of the special tooling may declare the same as surplus to its requirements and shall thereafter be released from any responsibility with respect to such portion or portions so declared surplus.
- (e) Subject to the foregoing His Majesty hereby waives the presumption set forth in Section 1629 of the Civil Code of Lower Canada.



- (f) His Majesty and His duly authorized representative shall have the right, at all reasonable times, to enter the leased premises for the purpose of inspecting the same.
- (g) His Majesty agrees to subrogate and make available to Canadair any and all the rights and claims which His Majesty now has or may hereafter have against the architects and builders of the buildings on the leased premises (either directly or indirectly or by assignment from Canadian Vickers Limited) in respect of defects arising out of the designs, plans, specifications, workmanship, materials or construction thereof.
- (h) Canadair shall be entitled in replacing or substituting any of the leased equipment in accordance with its obligation hereunto, to trade in and take credit for the trade in allowance for the leased equipment being replaced or substituted.

#### 5. Insurance.

- (a) Unless and until the option to purchase for which provision is hereinafter contained be exercised, Canadair shall at all times, at its own expense, cause the buildings and leased equipment to be insured and to do all things necessary to keep the same insured against risks usually covered under a standard fire insurance policy bearing as an endorsement the standard supplemental contract approved by the Canadian Underwriters Association to a minimum aggregate amount at all pertinent times of the basic value of the buildings and leased equipment as set out in Section 7 hereof;
- (b) Canadair shall also, at its own expense, carry boiler insurance on any pressure vessels in or about the plant having a pressure of 15 lbs. or more per square inch. Such boiler insurance shall be effected with an Insurance Company providing a good inspection service, and shall cover such risks and limits as are now in effect in respect of pressure vessels in the plant;
- (c) The proceeds of such insurance shall be made payable to His Majesty and Canadair as their interests may appear and Canadair shall from time to time, upon request, furnish to His Majesty copies of the relevant insurance policies and renewal certificates evidencing the fact that such insurance is in effect;
- (d) Should Canadair fail to insure as required in this Section 5, His Majesty may insure and charge the cost thereof to Canadair, which Canadair undertakes and agrees to pay to His Majesty upon demand;
- (e) Any and all amounts which may from time to time become payable by the insurers to His Majesty and Canadair under such policies by reason of damage to the buildings or the leased equipment shall, notwithstanding any other provisions to the contrary herein contained and failing any other arrangements between the parties hereto, be applied towards remedying any damage to the buildings or the leased equipment by reason of which such amount so became payable under such insurance policies and when such repairs have been effected, the repaired buildings and leased equipment shall continue to be the property of His Majesty provided, however, that if after the occurrence of any such damage and prior to the remedying thereof, the option to purchase for which provision is hereinafter contained be exercised, any proceeds of such policies otherwise paid or payable to His Majesty or assigned by His Majesty as the case may be to Canadair and provided further that any insurance proceeds not required to effect the repairs as aforesaid shall belong to Canadair.

## 6. *Canadair to pay taxes*

Canadair shall pay all municipal and school taxes and other rates and charges which may from time to time be levied upon the leased premises or any part thereof with respect to the use and occupancy thereof by Canadair.

## 7. *Basic value of leased premises.*

The basic value of the leased premises as at September 14, 1946, is \$4,000,000.00, apportioned as follows:

|  |                |
|--|----------------|
| (a) Land .....                                 | \$ 47,000 00   |
| (b) Buildings .....                            | 2,162,129 00   |
| (c) Leased Equipment, except special tooling.. | 1,790,870 00   |
| (d) Special tooling .....                      | 1 00           |
|  | <hr/>          |
|  | \$4,000,000 00 |

The basic value of the leased premises shall be successively reduced on the 15th day of September, 1947, and on the 15th day of September in each subsequent year during the term hereof to the respective amounts specified as the option price in Section 9 hereof.

## 8. *Use of runways and airfield.*

- (a) Canadair shall at all times during the term of the lease be entitled in common with others to make use of the runways and airfield adjacent to the plant and forming part of the property of His Majesty presently known as the Cartierville Airport for the purpose of test flying or flying incidental to the operation of the plant in the manufacture or repair of aircraft upon terms similar to those presently in effect. His Majesty will cause such Airport to be properly maintained and operated;
- (b) Should Canadair exercise the option to purchase for which provision is made in Section 9 hereof, Canadair shall be entitled in common with others to make use of the Cartierville Airport for ninety-nine years upon such terms as shall then be mutually agreed upon by the parties.
- (c) His Majesty will arrange for the use, at any time and from time to time when required by Canadair, of the Dorval Airport upon such terms as may be mutually agreed upon between the parties.

## 9. *Option to purchase leased premises.*

- (a) His Majesty hereby gives and grants unto Canadair irrevocably the sole and exclusive right and option, at any time during the term of the lease, to purchase the leased premises as they then exist in whole but not in part for a price in each as follows during the fiscal years commencing with the following dates:

|                          |                |
|--------------------------|----------------|
| September 15, 1946 ..... | \$4,000,000 00 |
| " " 1947 .....           | 3,920,000 00   |
| " " 1948 .....           | 3,837,600 00   |
| " " 1949 .....           | 3,752,728 00   |
| " " 1950 .....           | 3,665,310 00   |
| " " 1951 .....           | 3,575,269 00   |
| " " 1952 .....           | 3,482,527 00   |
| " " 1953 .....           | 3,387,003 00   |
| " " 1954 .....           | 3,288,613 00   |
| " " 1955 .....           | 3,187,272 00   |
| " " 1956 .....           | 3,082,890 00   |
| " " 1957 .....           | 2,974,377 00   |
| " " 1958 .....           | 2,863,608 00   |
| " " 1959 .....           | 2,749,516 00   |
| " " 1960 .....           | 2,632,001 00   |

- (b) Canadair shall exercise the option to purchase herein granted by registered mail written notice to His Majesty and shall make payment in full of the option price against receipt of proper documents transferring title to the leased premises, free and clear of any and all liens and encumbrances. All rent shall cease to accrue or become payable hereunder on the date of the mailing of such notice and an adjustment shall be made in the purchase price for any prepaid rent.
- (c) His Majesty represents and warrants that He is the owner of good and marketable title to the leased premises, free and clear of any and all liens and encumbrances.

10. *Default and Right to terminate.*

Without prejudice to any other right which His Majesty may have, in the event of any default on the part of Canadair to fulfill and perform each and every one of its obligations under this lease as and when they become due and that any such default continues for a period of 60 days, then His Majesty may thereafter notify Canadair in writing of such default and in the event of the failure of Canadair to remedy any such default within 30 days from the date of the receipt of such written notice by Canadair from His Majesty, His Majesty may by notice in writing and without any other formality whatsoever terminate the lease and Canadair shall thereupon deliver up and surrender possession of the leased premises to His Majesty and pay to His Majesty the total aggregate amount of the rent theretofore accrued and remaining unpaid, if any, and fulfill and perform any and all other obligations theretofore accrued and remaining outstanding.

11. *Rights in connection with North Star aircraft.*

- (a) His Majesty hereby assigns exclusively to Canadair for the term of the lease, or if the option to purchase is exercised, His Majesty hereby assigns exclusively to Canadair, forever, all of His right, title and interest in and to the development, engineering, licences, patents, patentable inventions and all other matters pertaining to or in connection with the North Star type aircraft, also known as the DC-4M and C54-GM, as developed by His Majesty and Canadair, and Canadair, in the event it exercises the option to purchase, shall be entitled to retain as its exclusive property all drawings, blue-prints, plans, sketches and other material in connection with such aircraft and to patent in its own name and right all patentable elements thereof.
- (b) His Majesty having, prior to the execution hereof, assigned to Canadair the Douglas contract, in the event that the option to purchase is not exercised, Canadair shall, upon the expiration of the term of the lease, reassign the Douglas contract to His Majesty upon the condition that His Majesty shall assume and agree to satisfy and discharge all of the obligations of Canadair thereafter accruing under the Douglas Contract, the whole subject to such consent of Douglas Aircraft Company, Inc., as may be required in accordance with the Douglas Contract.

12. *Right of His Majesty to purchase capital additions.*

In the event that Canadair does not exercise the option to purchase, Canadair shall upon the expiration of the term of the lease or any renewal thereof give to His Majesty the first opportunity to purchase any capital additions to the leased premises made and owned by Canadair.

13. *Lease or sale of Noorduyyn plant.*

In the event that His Majesty proposes to lease or sell the Noorduyyn plant so called (presently under lease to Canadair), His Majesty shall, so long as this lease remains in effect or if Canadair has exercised its option to purchase, give



to Canadair the first opportunity, during the period of not more than 30 days after written notice to Canadair, to lease or purchase (as the case may be) such Noorduyn plant.

14. *Water mains, sewers, sidings.*

In the event that Canadair shall exercise its option to purchase, His Majesty shall assign and transfer to Canadair any right which His Majesty then may have in and to any water mains, sewers, railway sidings or other similar or related services, servicing the plant.

15. *Accounts.*

Canadair shall keep proper accounts and records satisfactory to the Minister reasonably required for or incidental to this agreement. Such accounts and records shall at all reasonable times be open to audit and inspection by the authorized representatives of the Minister (who may make copies thereof and take extracts therefrom) and Canadair shall afford all reasonable facilities for such audits and inspections and shall furnish to the Minister and his authorized representatives with all such reasonable information as he or they may from time to time require with reference to such accounts and records.

16. *Releases of surplus items.*

Canadair shall be entitled at any time or from time to time to declare as surplus to its requirements any item or items of the leased premises, provided, however, that such declaration shall not affect the option price or the rent provided for hereunder or the obligations of Canadair under Section 4 hereof. Canadair after fourteen days' written notice to the Corporation shall no longer be responsible in any manner for the items declared as surplus including any obligation for the care, maintenance, insurance or accounting with respect thereto, and the Corporation shall promptly remove the same from the leased premises or make such arrangement with Canadair with respect thereto as may be mutually agreed upon.

17. *Notices.*

Any notices to be given hereunder to His Majesty or the Minister shall be in writing sent by registered mail, return receipt requested, and shall be addressed to War Assets Corporation at P.O. Box 6099, Montreal, Quebec.

Any notices to be given hereunder to Canadair shall be in writing sent by registered mail return receipt requested, and shall be addressed to Canadair Limited, P.O. 6087, Montreal, Quebec.

Except as herein expressly stated to the contrary, any notice to be given hereunder shall be deemed given when received.

Either party may by written notice to the other party change the name or address to which notices hereunder may be sent.

18. *House of Commons Clause.*

No member of the House of Commons of Canada shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

19. *Assignment.*

This agreement shall not be assignable in whole or in part by Canadair without the prior written approval of the Minister in writing.

20. *Further Documents and Assurances.*

The parties agree to execute and deliver any and all further documents and assurances necessary to effectuate this Agreement.

21. *Laws.*

This agreement shall in all respects be subject to and interpreted in accordance with the laws of the Province of Quebec.



22. *Negotiations Superseded.*

All previous communications, negotiations and agreements with respect to the subject matter hereof are hereby superseded and cancelled.

In Witness Whereof this agreement has been executed on behalf of His Majesty the King in Right of Canada by War Assets Corporation under its corporate seal and the hands of its duly authorized officers, and by Canadair Limited under its corporate seal and the hands of its duly authorized officers.

Signed, Sealed and Delivered in manner aforesaid on behalf of His Majesty the King in Right of Canada in the presence of:

“G. W. McDONALD,

*Witness*

WAR ASSETS CORPORATION

“J. H. BERRY”

C/S  
*President*

“ ? ”

*Assistant Secretary*

CANADAIR LIMITED

“ ? ”

C/S  
*President*

“ ? ”

*Secretary*

Signed, Sealed and Delivered in the presence of:

“HENRY M. MARX”

*Witness*

I hereby certify that the within is a true copy of an original Agreement dated the 15th day of September 1946, made between His Majesty the King in Right of Canada and Canadair Limited.

I. McDONALD,  
*Supervisor of Dittoed Contracts*  
Main Pool

### WAR ASSETS CORPORATION

AGREEMENT BETWEEN HIS MAJESTY THE KING IN RIGHT OF CANADA  
and

CANADAIR LIMITED

(Amending Lease-Option Agreement)

(dated the 15th of September 1946)

Date: 1st September, 1949.

File: LB 14614

This agreement made the 1st day of September, 1949, between His Majesty The King in right of Canada, (hereinafter called “His Majesty”) herein represented by the Minister of Trade and Commerce (hereinafter called “the Minister”) herein acting through War Assets Corporation (hereinafter called “the Corporation”) of the First Part; and Canadair Limited a Corporation organized and existing under the laws of the Dominion of Canada with its principal place of business in the Parish of St. Laurent, in the Province of Quebec, (hereinafter called “Canadair”) of the Second Part.

Whereas by Agreement made as of the 15th day of September, 1946, between His Majesty and Canadair (such Agreement being hereinafter called the “Lease-Option Agreement”), His Majesty leased unto Canadair certain land, buildings,

equipment and special tooling all of which are described in the said Lease-Option Agreement as the leased premises and granted unto Canadair an option to purchase such leased premises; and

Whereas His Majesty and Canadair have executed an Agreement (hereinafter called the "Production Agreement") bearing even date herewith in substance providing for the manufacture by Canadair and the purchase by His Majesty of one hundred (100) Model F186A airplanes; and

Whereas Canadair proposes, for the purpose of the performance of the work under the Production Agreement, to construct as a capital addition an extension to the buildings on the land forming part of the leased premises under the Lease-Option Agreement at an estimated cost of approximately Two Million Dollars (\$2,000,000); and

Whereas sub-paragraph (d) of paragraph 4 of the Lease-Option Agreement provides in part that Canadair may make such additions, alterations and changes at it may desire in the leased premises provided that no alterations of a substantial nature in the buildings shall be made without prior approval of the Minister; and

Whereas it is expedient to provide for Canadair reasonable and proper protection for its investment in the proposed extension to the buildings; and

Whereas it is also expedient to extend the area of the land forming part of the leased premises under the Lease-Option Agreement.

Now, therefore, the Parties hereto, for and in consideration of the mutual covenants and agreements herein contained, mutually covenant and agree as follows:

1. His Majesty hereby gives his approval to the construction of an extension by Canadair as a capital addition to the buildings on the land forming part of the leased premises under the Lease-Option Agreement as hereby amended and to the making of such alterations and changes to such buildings forming part of such leased premises as may be necessary or useful to provide for the construction and use of such extension to such buildings.

2. The land forming part of the leased premises under the Lease-Option Agreement is hereby extended so as to include the land described in Schedule 1 and outlined in red on Schedule 2 hereto attached to form part hereof and duly initialled by the Parties hereto for the purposes of identification and the description and sketch plan constituting Schedule "A" to the Lease-Option Agreement are hereby amended in such manner as to give effect to this Agreement and to Schedules 1 and 2 respectively to this Agreement.

3. The term of the lease under the Lease-Option Agreement is hereby extended by a period of ten (10) years to be calculated from and exclusive of the 14th day of September, 1961 and the provisions of Paragraph 2 of the Lease-Option Agreement are hereby amended in such manner as to give effect to the foregoing provisions of this Paragraph 3 hereof with the result that the term of the lease under the Lease-Option Agreement as hereby extended shall be twenty-five (25) years from the 15th day of September, 1946, until the 14th day of September, 1971, unless terminated by His Majesty as in the Lease-Option Agreement provided.

4. Effective as of the 15th day of September, 1949, the annual rental provided for in paragraph 3 of the Lease-Option Agreement is hereby increased to \$200,400.00, which shall be payable in equal monthly instalments of \$16,700.00.

5. The basic value of the leased premises to which reference is made in Paragraph 7 of the Lease-Option Agreement shall, effective as of the 15th day of September, 1949, be increased by the sum of Eight Thousand and Seventeen Dollars (\$8,017.00) so as to include the value of the land described in Schedule 1 and outlined on Schedule 2 hereto.

6. Sub-paragraph (a) of Paragraph 9 of the Lease-Option Agreement is hereby amended by deleting therefrom the list of dates, years and amounts therein set forth and replacing the same by the following:

|                          |             |
|--------------------------|-------------|
| September 15, 1946 ..... | \$4,000,000 |
| “ 15, 1947 .....         | 3,920,000   |
| “ 15, 1948 .....         | 3,837,600   |
| “ 15, 1949 .....         | 3,760,745   |
| “ 15, 1950 .....         | 3,673,167   |
| “ 15, 1951 .....         | 3,582,962   |
| “ 15, 1952 .....         | 3,490,051   |
| “ 15, 1953 .....         | 3,394,353   |
| “ 15, 1954 .....         | 3,295,783   |
| “ 15, 1955 .....         | 3,194,257   |
| “ 15, 1956 .....         | 3,089,685   |
| “ 15, 1957 .....         | 2,981,975   |
| “ 15, 1958 .....         | 2,871,034   |
| “ 15, 1959 .....         | 2,756,765   |
| “ 15, 1960 .....         | 2,639,068   |
| “ 15, 1961 .....         | 2,517,840   |
| “ 15, 1962 .....         | 2,392,976   |
| “ 15, 1963 .....         | 2,264,365   |
| “ 15, 1964 .....         | 2,131,896   |
| “ 15, 1965 .....         | 1,995,453   |
| “ 15, 1966 .....         | 1,854,916   |
| “ 15, 1967 .....         | 1,710,164   |
| “ 15, 1968 .....         | 1,561,069   |
| “ 15, 1969 .....         | 1,407,501   |
| “ 15, 1970 .....         | 1,249,326   |

7. (a) Canadair shall at all times during the term of the lease under the Lease-Option Agreement at its own expense maintain in proper order and condition those portions of the pipe drains which are shown marked red and blue respectively on Schedule “2” hereto annexed and shall make thereto such repairs (whether Lessor’s repairs or Lessee’s repairs) and replacements as may from time to time be necessary for such purpose.

(b) In the event that Canadair shall exercise its option to purchase the leased premises, Canadair shall, upon demand, grant to His Majesty a servitude, in a form satisfactory to the Minister, to provide for the right in perpetuity to use the aforesaid portions of the said pipe drains for the purpose of draining the lands of His Majesty presently forming part of the Cartierville airport and to provide that Canadair and every subsequent proprietor of the lands affected by the said servitude shall, at its or his own expense, maintain the aforesaid portions of the said pipe drains in proper order and condition and shall make thereto such repairs and replacements as may from time to time be necessary for such purpose.

8. The Lease-Option Agreement as hereby amended shall continue to be and remain in full force and effect in accordance with the provisions thereof.

9. This Agreement shall in all respects be subject to and interpreted in accordance with the laws of the Province of Quebec.



In Witness Whereof this Agreement has been executed on behalf of His Majesty the King in Right of Canada by War Assets Corporation under its corporate seal and the hands of its duly authorized officers and by Canadair Limited under its corporate seal and the hands of its duly authorized officers.

Signed and sealed in the manner aforesaid on behalf of His Majesty the King in Right of Canada in the presence of:

EDITH L. JARVIS

*Witness*

WAR ASSETS CORPORATION

H. R. MALLEY

*President*

[Seal]

R. P. SAUNDERS

*Secretary*

Signed and sealed in the manner aforesaid by Canadair in the presence of:

D. H. MACFARLANE

*Witness*

CANADAIR LIMITED

[Seal]

Q. O. WEST

*President*

WAR ASSETS CORPORATION

Approved as to form by Legal Department.

E. F. COUGHLIN

Date 25/8/49

Approved as to terms and price by

I hereby certify that this a true copy of the original document deposited in the Records Division of the Secretary's Department

LILLIAN M. CORBETT

*Records Division*

This is Schedule 1 to Agreement dated the.....day of.....1949, between His Majesty the King in Right of Canada and Canadair Limited.

Description of Land at Cartierville Airport  
Cartierville, P.Q.,

### TO BE DECLARED SURPLUS

All and singular that certain parcel of land (hereinafter referred to as "the said land") situate, lying and being in the Parish of St. Laurent, County of Jacques Cartier, Province of Quebec, consisting of parts of Cadastral Lots two hundred and twenty-nine (229), two hundred and twenty-nine dash one (229-1), two hundred and thirty (230) and two hundred and thirty-two dash two (232-2) being comprised in Cartierville Airport (hereinafter referred to as "the said airport") and being more particularly described as follows:

Commencing at the intersection of the centre line of Runway 6-24 with the southwesterly limit of Montee St. Laurent Road, so-called; thence South forty-eight degrees twenty-three minutes East (S. 48° 23' E.) along the said southwesterly limit, being in common with the northeasterly Airport Property Boundary Fence in part, a distance of five hundred and fifty-two and five tenths (552.5) feet more or less to a point, distant one hundred and fifty and five tenths (150.5) feet northwesterly from an iron pin planted thereon, the said point being henceforth designated as the point of beginning for the said parcel of land hereinafter described; thence continuing from the Point of Beginning, so determined, South forty-eight degrees twenty-three minutes East (S. 48° 23' E.)



along the aforesaid limit and fence, a distance of one hundred and fifty and five tenths (150·5) feet more or less to the said iron pin planted thereon and designating an Airport Property Boundary Fence corner; thence South forty-six degrees four minutes West (S. 46° 04' W.) along the said boundary fence, a distance of eight hundred and ninety-three (893·0) feet to a point; thence South forty-nine degrees nine minutes East (S. 49° 09' E.) along a line paralleling the centre line of Runway 15-33 and designating the unfenced Airport Property Boundary in part, a distance of seventeen hundred and ninety-two and nine tenths (1792·9) feet to a point designating an Airport Property Boundary angle; thence South eighty-six degrees forty-nine minutes West (S. 86° 49' W.) along a line paralleling the centre line of Runway 10-28, a distance of one hundred and forty-three and eighty-six hundredths (143·86) feet to a point, perpendicularly distant one hundred (100·0) feet southwesterly from the aforesaid unfenced Airport Property Boundary; thence North forty-nine degrees nine minutes West (N. 49° 09' W.) along a line paralleling the centre line of the aforesaid Runway 15-33, a distance of fifteen hundred and twenty-two and twenty-five hundredths (1522·25) feet more or less to the intersection with the southeasterly prolongation of the northeasterly edge of a Taxi Strip connecting the Parking Area with Runway 6-24; thence North twenty-four degrees twenty-eight minutes West (N. 24° 28' W.) along the said northeasterly edge and southeasterly prolongation thereof, a distance of three hundred and forty-six and six tenths (346·6) feet more or less to a point thereon being perpendicularly distant five hundred and fifty (550·0) feet southeasterly from the centre line of Runway 6-24; thence North forty-six degrees six minutes East (N. 46° 06' E.) along a line paralleling the said centre line, a distance of eight hundred and fifty and nine tenths (850·9) feet more or less to the aforesaid Point of Beginning.

The said land as described comprising an area of six and eighty-nine hundredths (6·89) acres, more or less margined red on Dwg. No. P-Q-11-4, dated Ottawa, August 9th, 1949, hereto annexed. Together with improvements thereon.

Bearings shown on annexed plan and referred to in the above description are astronomic.

Ottawa, Ontario,  
August 9th, 1949.  
JVL/CL

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*Plan produced and on file with the committee. Omitted due to difficulty of reproducing in printed form.*

P.C. 6567

Privy Council  
SEAL  
Canada

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 10 January 1950.

The Committee of the Privy Council have had before them a report from the Minister of Trade and Commerce, representing:

That pursuant to the authority granted by Order in Council P.C. 242 of 21st January 1947, the Crown, acting through War Assets Corporation entered into an agreement (hereinafter called "the Lease-Option Agreement") with Canadair Limited, whereby the Crown-owned property at Cartierville, Quebec, consisting of the land, buildings, machinery, furnishings, fixtures and equipment, theretofore operated on behalf of the Crown by the said Company, was leased to the said Company for a term of fifteen years from September 15, 1946 at a rental of \$200,000.00 per annum, and the Company was given the option of purchasing the said property at a price calculated on a basic value of \$4,000,000.00 less depreciation recovered by the Crown as part of the rent;

That in order to facilitate the construction by Canadair of an extension to the said plant required for the production of F-86A airplanes for the Crown, the said Lease-Option Agreement was amended as of September 1, 1949, to include in the leased premises an additional area of 6.89 acres of land, to increase the basic value of the property by \$8,017.00 and to extend the term of the lease to September 14, 1971;

That Canadair Limited has represented that the construction of the said extension will involve an expenditure by the Company of approximately \$2,000,000.00 and that it desires to purchase the said Crown-owned property at the price fixed by the Lease-Option Agreement, but that it would be inexpedient to further reduce its working capital by payment of the purchase price in cash as required by the said Agreement;

That, subject to the approval of the Governor in Council, an Agreement has been negotiated with the said Company whereby the Crown, acting through War Assets Corporation, will sell the said property to the said Company on substantially the following terms:

(1) The purchase price will be \$3,760,745.00, being the price fixed by the Lease-Option Agreement for the purchase of the property during the year commencing September 15, 1949;

(2) The said purchase price will be payable in twenty-two equal annual instalments, the first of which will be payable on October 1, 1950, the amount of the purchase price from time to time unpaid to bear interest at the rate of 3 per cent per annum payable annually on the first of October, and the said purchase price and interest to be secured by a first hypothec on the immovable portion of the property including the extension hereinabove referred to.

(3) (a) Instead of Canadair being entitled to the use in common with others of the Cartierville Airport for a period of ninety-nine years and to the use of the Dorval Airport when required from time to time (on terms to be mutually agreed upon) as provided by the Lease-Option Agreement, the said Company will be entitled in common with others to the use of the said Cartierville Airport until September 15, 1971 and for such further period, if any, during which the said airport is owned and operated as an airport by His Majesty, and His Majesty will arrange for the use by

Canadair of the Dorval Airport at any time when required by Canadair so long as such airport is operated by His Majesty as a public airport, the whole upon the terms presently in effect or upon such other terms as may from time to time be mutually agreed upon;

(b) His Majesty will, at his own expense, during the period up to September 15, 1971 properly maintain and operate such Cartierville Airport or cause the same to be so maintained and operated;

(c) His Majesty will not, during such period, sell, exchange or otherwise alienate the Cartierville Airport; and, in the event that His Majesty, at any time within 90 days after September 15, 1971, proposes to do so His Majesty will first offer the same to Canadair at a price and on terms and conditions not more onerous to Canadair than His Majesty would be willing to accept from any third party and Canadair will be allowed a period of 60 days after the making of such offer to accept or reject the same.

(4) Canadair will grant to His Majesty a servitude on that part of the property in which certain pipe drains serving the property and the Cartierville Airport are located and the deed creating the said servitude will provide for the maintenance of the said pipe drains by Canadair or any subsequent owner of the lands subject to the said servitude;

(5) The Agreement will contain provisions similar to those contained in the Lease-Option Agreement to the effect that

(a) His Majesty warrants that the property is held under good and marketable title, free and clear of encumbrances;

(b) Any and all rights of His Majesty in and to the development of North Star type aircraft are assigned to Canadair and any right which His Majesty might have to a re-assignment of the licence agreement known as the Douglas contract is waived;

(c) Canadair will be given the first opportunity to lease or purchase the plant known as the Noorduyn Plant (presently leased to Canadair) should His Majesty desire to lease or sell the said plant.

That the Minister considers the proposed sale to be in the public interest and the terms of the proposed agreement to be fair and reasonable;

The Committee, therefore, on the recommendation of the Minister of Trade and Commerce, advise that Your Excellency may be pleased to approve the sale of the said property to Canadair Limited as aforesaid and that Letters Patent conveying the said immovable property to the said Company do issue accordingly.

N. A. ROBERTSON,

*Clerk of the Privy Council.*

I hereby certify that this is a true copy of the original document deposited in the Records Division of the Secretary's Department.

LILLIAN M. CORBETT,

*Records Division.*

THIS AGREEMENT made as of the First day of October, 1949, between His Majesty The King in Right of Canada, (hereinafter called "His Majesty") herein represented by the Minister of Trade and Commerce, (hereinafter called "the Minister") herein acting through War Assets Corporation, (hereinafter called "the Corporation") of the First Part; and Canadair Limited, a Corporation organized and existing under the laws of the Dominion of Canada with its principal place of business in the Parish of St. Laurent, in the Province of Quebec, (hereinafter called "Canadair") of the Second Part.



Witnesseth that: Whereas by an Agreement made as of the 15th day of September, 1946, between His Majesty and Canadair and amended by an Agreement dated the 1st day of September, 1949, (such Agreement made as of the 15th day of September, 1946, including the Schedules thereto as so amended being hereinafter called "the Lease-option Agreement"), His Majesty leased unto Canadair for a period beginning on the 15th day of September, 1946, and terminating on the 14th day of September, 1971 certain land, buildings, equipment and special tooling, all of which are described in the said Lease-option Agreement as and are hereinafter sometimes called "the leased premises", and granted unto Canadair an option to purchase such leased premises; and

WHEREAS the Lease-option Agreement provided for certain of the terms and conditions hereinafter contained upon the purchase of the leased premises by Canadair; and

WHEREAS Canadair desires to purchase the leased premises but represents that, since a capital addition by Canadair to the buildings forming part of the leased premises and presently in course of construction will involve the expenditure by Canadair of approximately Two Million Dollars (\$2,000,000.00), it would be inexpedient to further reduce its working capital by payment in cash of the purchase price of the leased premises;

NOW, THEREFORE, it is agreed and declared by and between the Parties hereto as follows:

1. Subject to the covenants, terms and conditions hereinafter set forth, His Majesty hereby sells to Canadair with legal warranty and free and clear of any and all liens and encumbrances and Canadair hereby purchases from His Majesty for the sum specified in the Lease-Option Agreement as the purchase price on and after the 15th day of September, 1949, being the sum of Three Million, Seven Hundred and Sixty Thousand, Seven Hundred and Forty-five Dollars (\$3,760,745.00), payable as hereinafter provided, all the right, title and interest of His Majesty in and to the following:

(a) an immovable property situate in the Parish of St. Laurent in the County of Jacques Cartier in the Province of Quebec, and composed of:

- (i) the land described in Schedule "A" to the Lease-Option Agreement; and
- (ii) the buildings erected and presently situated on the said land, together with all things immovable placed thereon, attached thereto or incorporated therewith for a permanency and all rights, members and appurtenances;

(b) all of the machinery, furnishings, fixtures, equipment, jigs, tools, dies, gauges and expandable small tools and special tooling which are included in the leased premises as defined in the Lease-Option Agreement.

2. (a) Canadair covenants and agrees to pay to His Majesty (the Corporation being hereby designated until further notice as the agent of His Majesty to receive payment hereunder) the said sum of Three Million, Seven Hundred and Sixty Thousand, Seven Hundred and Forty-five Dollars (\$3,760,745.00) in twenty-two (22) equal annual instalments of One Hundred and Seventy Thousand, Nine Hundred and Forty-two Dollars and Ninety-six Cents (\$170,942.96) each (plus interest as hereinafter provided), the first of such instalments to fall due and be payable on October 1, 1950, and subsequent instalments to become due on the first day of October in each following year, His Majesty, however, hereby acknowledging to have received from Canadair at or prior to the execution hereof the sum of Fifteen Thousand, Eight Hundred and Sixty-three Dollars and Sixty Cents (\$15,863.60) on account of the first of such instalments, such prepayment arising to the extent of an amount of Eight Thousand, Three Hundred and Fifty Dollars (8,350.00) out of an adjustment in rental prepaid by Canadair under the Lease-Option Agreement and to



the extent of an amount of Seven Thousand, Five Hundred and Thirteen Dollars and Sixty Cents (\$7,513.60) out of settlement of the balance of moneys due by His Majesty to Canadair on account of replacement of boilers forming part of the leased premises heretofore effected by Canadair for the account of His Majesty.

(b) Interest at the rate of three per cent (3%) per annum on the amount of the purchase price from time to time unpaid shall be calculated from the date hereof and shall be paid annually on the first day of October in each year.

(c) Canadair may at any time prepay to His Majesty the whole or any part of the purchase price.

(d) If Canadair makes default in payment of any part of the purchase price or interest payable hereunder as and when the same become due and payable and if Canadair fails to remedy such default within thirty (30) days after receipt of notice from His Majesty specifying such default and requesting that the same be remedied, the whole of the balance of the purchase price may, at the option of His Majesty to be exercised by notice in writing from His Majesty to Canadair, forthwith be declared by His Majesty to be and thereupon shall become due and payable.

3. His Majesty hereby agrees to issue, with all reasonable despatch, Letters Patent conveying to Canadair all the right, title and interest of His Majesty in the immovable property hereby agreed to be sold as aforesaid.

4. Concurrently with the delivery of such Letters Patent, Canadair agrees to execute, before a Notary chosen by His Majesty and satisfactory to Canadair:

(a) a Deed of Hypothec in favour of His Majesty, in the form and terms of the draft Deed of Hypothec hereto attached as Schedule "A" and initialed by the Parties hereto for the purposes of identification, to secure the due payment of the aforesaid sum of Three Million, Seven Hundred and Sixty Thousand, Seven Hundred and Forty-Five Dollars (\$3,760,745.00) (less any amounts theretofore prepaid by Canadair on account of such purchase price) and interest as herein provided and the fulfilment by Canadair of all of its obligations hereunder; and

(b) a Deed of Servitude in favour of His Majesty, in the form and terms of the draft Deed of Servitude hereto attached as Schedule "B" and initialled by the Parties hereto for the purposes of identification, to provide for the right of His Majesty to use in common with Canadair and its assigns portions of certain pipe drains for the purpose of draining the lands presently forming part of the Cartierville Airport and to provide for the maintenance of such portions of the said pipe drains;

the cost of such Deeds and of their registration to be paid by Canadair.

5. Canadair undertakes and agrees that, until such time as it shall have completely paid and satisfied the whole of the purchase price and interest as provided herein, Canadair shall not, without the approval of the Minister, remove or allow to be removed from the buildings forming part of the immovable property hereby sold any moveables which are at the date hereof immovable by destination by reason of having been placed on, attached to or incorporated with such buildings for a permanency, provided, however, that nothing herein contained shall prevent Canadair from removing or from making from time to time such replacement or substitution of such moveables which at the date hereof are immoveable by destination which may have become worn out or obsolete or which are no longer required in order to maintain the productive capacity and good operating condition of the property hereby sold, and provided further that, in the event of any such removal without replacement or substitution, the proceeds of the sale of such moveables so removed shall forthwith be

remitted by Canadair to His Majesty and shall be credited by His Majesty to Canadair as a prepayment on account of the purchase price of the property hereby sold.

6. His Majesty represents and warrants that He is the owner of the property hereby sold by good and marketable title and that the said property is free and clear of all liens, charges and encumbrances.

7. Canadair acknowledges that it is in possession of all of the property hereby sold and that it is content and satisfied therewith.

8. Canadair undertakes and agrees that until such time as it shall have completely paid and satisfied the whole of the purchase price and interest as provided herein Canadair shall at all times at its own expense cause the buildings and all moveables which at the date hereof are immoveable by destination by reason of having been placed thereon, attached thereto or incorporated therewith for a permanency to be insured against risks usually covered under a standard fire insurance policy bearing as an endorsement the standard supplemental contract approved by the Canadian Underwriters Association to an aggregate amount equal to not less than the aggregate amount of the balance of the purchase price from time to time payable hereunder by Canadair to His Majesty, the whole upon the condition that such insurance be obtainable by Canadair at normal commercial rates applicable to aircraft plants. In the event that such insurance be not so obtainable, Canadair shall forthwith so notify His Majesty.

Canadair shall from time to time supply to His Majesty copies of the relevant insurance policies and renewal certificates evidencing the fact that such insurance is in effect.

Such insurance shall be placed through the usual insurance brokers of Canadair and with such insurance company or insurance companies as may be satisfactory to the Corporation.

Such insurance shall be made payable to His Majesty and Canadair as their respective interest may from time to time appear.

Any and all amounts which may from time to time become payable by the insurers to His Majesty and Canadair under any policies of insurance by reason of damage to the buildings or to the moveables which at the date hereof are immoveable by destination shall, unless the Parties otherwise agree, be applied towards remedying any such damage to the buildings or to the said moveables which at the date hereof are immoveable by destination and any proceeds of any insurance policies which are not required for the purpose of remedying any such damage shall be and remain the property of Canadair.

9. (a) Canadair shall be entitled, in common with others, to make use of the runways and airfield known as the Cartierville Airport for the purpose of flying operations incidental to the operation of its Plant in the manufacture, overhaul, repair and conversion of aircraft, for a period from the date hereof up to and including the fifteenth (15th) day of September, 1971, and for such further period, if any, during which such Cartierville Airport is owned and operated as an airport by His Majesty, the whole upon the terms presently in effect or upon such other terms as may from time to time be mutually agreed upon between the Parties hereto.

(b) His Majesty will, at his own expense, during the whole of such period from the date hereof up to and including the fifteenth (15th) day of September, 1971, properly maintain and operate such Cartierville Airport or cause the same to be properly maintained and operated.

(c) His Majesty will not, during such period, sell, exchange or otherwise alienate the Cartierville Airport; and, in the event that His Majesty, at any time within ninety (90) days after the fifteenth (15th) day of September, 1971, proposes to do so, His Majesty will first offer the same to Canadair at a price and on terms and conditions not more onerous to Canadair than those which



His Majesty would be willing to accept from any third party, and His Majesty shall allow Canadair a period of sixty (60) days after the making of such offer within which to consider such offer and to accept or reject the same. In the event that any such offer is not accepted or rejected by Canadair within such period of sixty (60) days, His Majesty shall be free to sell, exchange or otherwise alienate the Cartierville Airport to any third party at such price and upon such terms and conditions as may be determined by His Majesty.

(d) His Majesty will arrange for the use by Canadair of the Dorval Airport, at any time and from time to time when required by Canadair, so long as such airport is operated by His Majesty as a public airport; the whole upon the terms presently in effect or upon such other terms as may from time to time be mutually agreed upon between the Parties hereto.

10. (a) His Majesty hereby assigns exclusively to Canadair, forever, all of his right, title and interest in and to the development, engineering, licences, patents, patentable inventions and all other matters pertaining to or in connection with the North Star type aircraft, also known as the D.C.-4M and C54-GM, as developed by His Majesty and Canadair, and Canadair shall be entitled to retain as its exclusive property, all drawings, blueprints, plans, sketches and other material in connection with such aircraft and to patent in its own name and right all patentable elements thereof.

(b) His Majesty waives, abandons and cancels any right which His Majesty may have or may claim to have to the reassignment of the Douglas Contract to which reference is made in sub-paragraph (b) of Paragraph 11 of the Lease-Option Agreement.

11. His Majesty hereby assigns and transfers to Canadair and subrogates Canadair in and to any and all rights and claims which His Majesty now has or may hereafter have against the architects and builders of the buildings hereby sold either directly or indirectly or by assignment from Canadair Vickers Limited in respect of defects arising out of the design, plans, specifications, workmanship, materials or construction thereof.

12. In the event that His Majesty proposes to lease or sell the plant known as the Noorduyn Plant (presently under lease to Canadair) His Majesty shall give to Canadair the first opportunity, during a period of not more than thirty (30) days after written notice to Canadair, to lease or purchase (as the case may be) such Noorduyn Plant.

13. His Majesty hereby assigns and transfers to Canadair any right which His Majesty may have in and to any water mains (excluding any water mains running along Bois Franc Road in the Parish of St. Laurent, Quebec), sewers, railway sidings or other similar or related services, servicing the immovable property hereby agreed to be sold.

14. No member of the House of Commons of Canada shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

15. The Parties agree to execute and deliver any and all further documents and assurances necessary to effectuate this Agreement.

16. Any notices to be given hereunder to His Majesty or to the Minister shall be in writing, sent by registered mail, return receipt requested, and shall be addressed to War Assets Corporation, Ottawa, Ontario.

Any notices to be given hereunder to Canadair shall be in writing, sent by registered mail, return receipt requested, and shall be addressed to Canadair Limited, P.O. Box 6087, Montreal, Quebec.

Except as herein expressly stated to the contrary, any notice to be given hereunder shall be deemed to have been given on the date on which such notice is received.

Either Party may by written notice to the other Party change the address to which notices hereunder may be sent.

17. This Agreement shall in all respects be subject to and interpreted in accordance with the laws of the Province of Quebec.

18. All previous communications, negotiations and agreements with respect to the subject matter hereof are hereby superseded and cancelled.

19. The Lease-option Agreement is hereby terminated as of the 1st day of October, 1949, and the Parties hereto acknowledge that all adjustments for rental of the leased premises under the Lease-option Agreement have been made hereunder as of the 1st day of October, 1949.

In Witness Whereof this Agreement has been executed on behalf of His Majesty the King in Right of Canada by War Assets Corporation under its corporate seal and the hands of its duly authorized officers, and by Canadair Limited under its corporate seal and the hands of its duly authorized officers.

Signed, sealed and delivered in the manner aforesaid on behalf of His Majesty the King in Right of Canada in the presence of:

"LILLIAN M. CORBETT."

WAR ASSETS CORPORATION

"H. R. MALLEY"

*President.*

(SEAL)

"E. P. COUGHLIN"

*Assistant Secretary.*

Signed, sealed and delivered in the presence of:

"D. H. MACFARLANE."

CANADAIR LIMITED

"H. O. WEST".

(SEAL)

I hereby certify that this is a true copy of the original document deposited in the Records Division of the Secretary's Department.

LILLIAN M. CORBETT,

*Records Division.*

Mr. DREW: Now, between the time that the original agreement was entered into and the option exercised in October of last year, what was the total which the Electric Boat Company had paid to the government for any other assets that they took over at the time that they occupied this property?

Perhaps it would be better if I explained what this question is based on. The agreement that was completed in 1947 by order in council was put back to become effective as of September 15, 1946. The balance sheet was prepared as of September 14, 1946, which showed total assets of \$32,268,704.07. Of those \$32,268,704.07, part of that was made up of land, buildings, plant, tooling and equipment—\$18,825,777.66, part was raw materials, work in process—\$9,745,959.84, and then there were other items that brought the total value up to \$32,268,704.07.

Now, the question I am asking is: in addition to what was paid for the land, buildings, tooling and equipment, how much was paid for other assets between the date that the Electric Boat Company took over and the date that they exercised the option in October of last year?



The WITNESS: I do not think that that is a question I can answer, Mr. Drew.

Mr. SCULLY: On the assumption that they met their obligations, I think I can tell you.

Mr. DREW: I would prefer it not on any assumption; I would like the actual figure.

Mr. SCULLY: I think Mr. Malley can confirm this, but in the first instance Canadair assumed the liabilities which, according to the balance sheet of the 14th of September, 1946, amounted to \$3 million. Then, they undertook to pay in cash and did pay in cash the net difference between the current assets exclusive of the inventories and the current liabilities which was some \$647,000. That was paid.

In the statement in front of you, Mr. Drew, the inventories there total \$9,745,000, which consisted of two types of inventory—the inventory of the North Stars in terms of raw material and work in process of \$5,859,138.74 and the inventory of material in process and in raw state that was not related to the North Star program, which amounted to \$3,886,821.10. The latter inventory was purchased from the Crown and contracted to be paid for in quarterly instalments which, I understand, were met.

The WITNESS: Yes, they were met in one or two payments. They did not go their whole time; they paid up fairly quickly.

Mr. SCULLY: So that the payments by the company were the net current assets inclusive of inventory—some \$5,859,000 of North Star inventory and \$3,886,000 for inventory other than North Star inventory which were covered by progress payments by T.C.A. in respect of their part of the inventory and by the R.C.A.F. in respect of their part of the inventory.

*By Mr. Drew:*

Q. You mean that the T.C.A. and R.C.A.F. made payments to whom on that?—A. Canadair. Well, in the first instance, to the department. Perhaps if I could explain it this way: during the war the practice was for the Department of Reconstruction and Supply, formerly the Department of Munitions and Supply, to finance construction programs or to advance working capital—Against billings from the projects the services—the air force or the army, as the case may be, made progress payments to the Department of Munitions and Supply thus clearing the advance accounts. The \$5,859,138.74 represented the investment at that time in inventory excluding tools and plant and that was reimbursed to the Department of Munitions and Supply by the air force on the one hand and T.C.A. on the other.

Q. So that was not paid direct?—A. No, Canadair did not have to pay that directly. That was work in progress against which they got indirectly progress payments so it never became their property.

Q. Well, how would the division of that be determined because these were given a value of \$9,745,000 and that was included in the inventory taken over by the Electric Boat Company? Part of these items were included in aircraft that were actually in the course of construction at that time. How, then, was it possible for this transaction to be carried out in that way with the R.C.A.F. and the T.C.A.?

Mr. SCULLY: The contracts, I think, between the R.C.A.F. on the one hand and Canadair on the other; and the contracts between T.C.A. on the one hand and Canadair on the other show a division of that amount.

Mr. DREW: Then, in so far as the actual payments by Canadair were concerned, they paid \$3,886,821.10 for inventory other than what was paid for aircraft under construction at that time?

Mr. SCULLY: They were charged with \$5,859,138.74 which was the North Star inventory; that was charged; but it was off-set by progress payments from the R.C.A.F. and T.C.A.

The CHAIRMAN: May I ask a question: you mean the sums which T.C.A. and the R.C.A.F. owed to Canadair were paid to the government for goods delivered by Canadair to the extent of \$5 million odd?

Mr. SCULLY: Yes, \$5,859,138.74.

Mr. DREW: Part of the arrangement set out in the summary put on the record and in the orders in council which have been filed was that the government undertook to pay the expenses of special tooling that was to be done and that was to be paid by the government.

Mr. SCULLY: \$3 million.

Mr. DREW: \$3 million. That \$3 million, as I understand it, was paid after September 14, 1946?

Mr. SCULLY: That was tooling expenditure between the actual take-over of the plant and the 14th of September 1946, after the 14th of September.

Mr. DREW: Did the option add to the price?

Mr. SCULLY: The option price was increased from \$3½ million to \$4 million when the requirement of the \$3 million tooling became apparent.

Mr. DREW: I am referring to the last arrangement. The last agreement was for \$4 millions which was to be paid for the property.

Mr. SCULLY: That is right.

Mr. DREW: Subject to a diminishing amount each year under which they were to receive credit for the rental they had paid Canadair. They paid \$3,760,745 for this property when they exercised their option last year; but between the date when they got possession of this property and this other date, the dominion government spent \$3 millions on tooling which they have available for their own use, in addition to any increase contained in this statement of September 14.

Mr. SCULLY: That is referred to on that statement.

Mr. DREW: Whereabouts?

Mr. SCULLY: In the foot-note.

Mr. DREW: That is an amount in addition to the \$32,268,704.07?

Mr. SCULLY: That is correct.

Mr. DREW: So that the assets, according to this statement of what the government itself spent in addition to that, would be \$32,268,704.07?

Mr. SCULLY: There are the liabilities.

Mr. DREW: The liabilities in that statement are balanced up with other things; that is a net figure, that \$32,268,704.07, balancing assets and liabilities, is it not?

Mr. SCULLY: Are you including or not including the \$3 million?

Mr. DREW: I am not including it.

Mr. SCULLY: I think the net is \$29,263,694.13.

The CHAIRMAN: Well, gentlemen, you will both have time to meditate on these figures as it is now six o'clock and time to adjourn. If it is agreeable, the committee now stands adjourned until tomorrow at 4 p.m., when we shall carry on with the two items now under review. Before that however, I wish to inform you that I have completed the draft of a report on the work performed by the Committee during its fourteen first meetings. I would suggest that we sit Tuesday night at 8 p.m., in camera, to consider the terms of this report.

## APPENDIX A

OTTAWA, June 12, 1950.

Mr. A. L. Burgess,  
Room 432,  
House of Commons,  
Ottawa, Ontario.

Dear Mr. BURGESS:

This is to advise that I have just received a letter from the National Research Council to the effect that they have no properties which would come within the interpretation of Mr. Bryce's letter of May 15. You may recall that my previous advice on this matter had only been oral.

I am attaching copies of a statement which I have also just received from the Department of Resources and Development regarding land disposal and tenure in the Yukon and Northwest Territories. You may recall that the schedules submitted by Resources and Development do not include Crown lands in these territories, in view of the fact that only a very small part of the 1,500,000 square miles have been surveyed. Nevertheless, I thought it advisable that the Department should at least let us have a general statement regarding the situation there. The attached is the statement which they have thus furnished.

Yours very truly,

E. C. LANDRY,

*Treasury Board Staff.*

JUNE 1, 1950

## STATEMENT REGARDING LAND DISPOSAL AND TENURE

*Yukon Territory*

Only lands which have been surveyed may be sold. Surveyed lots in townsites, settlements and subdivisions may be disposed of by private sale or by tender.

*Leases:*

Leases are issued for land in the Yukon territory for a term of not more than 10 years, with the privilege of renewal at the discretion of the Minister. The types of leases are—Surface, Waterfront, Agricultural, Fur Farms, Grazing and miscellaneous. There were 69 leases and Permissions to Occupy in effect in the Yukon Territory in the fiscal year ending March 31, 1949.

*Northwest Territories*

The sale of land in the Northwest Territories is subject to the same restriction, that it must be surveyed.

*Leases:*

Leases are issued under terms similar to those which apply in the Yukon, with the exception of Yellowknife, where the usual term is for 21 years. In some of the settlements a person applying to purchase a surveyed lot is first required to occupy the land for one year under a Permission to Occupy, and disposal by sale is considered after a satisfactory building has been erected. In the fiscal year ending March 31, 1949, there were 775 leases, Permissions to Occupy and other land privileges in effect, principally lots in townsites for residential purposes.



## REVENUE

*Yukon Territory*

Seven parcels of land were sold in the fiscal year ending March 31st, 1949, and these comprise a total area of 1.60 acres. The revenue from these sales totalled \$1,055.00, and lease revenue totalled \$11,338.

*Northwest Territories*

Thirty-nine parcels of land were sold during the fiscal year ending March 31st, 1949, and these comprised a total area of 335.02 acres. The revenue derived from these land sales amounted to \$2,068.00, and lease revenue totalled \$26,834.

*Valuation of Crown Land—N.W.T. and Yukon*

It would be impractical to appraise the above mentioned lands which have an approximate area of 1,500,000 square miles.

OTTAWA, June 12, 1950.

**APPENDIX B**

## MEMORANDUM TO PUBLIC ACCOUNTS COMMITTEE

In response to a request made by the Committee, asking for the numbers of permanent, temporary, and casual employees of the Government of Canada as at March 31, 1950, I am transmitting the attached table, showing the numbers of permanent and temporary employees by Departments and agencies, as reported to the Dominion Bureau of Statistics and as the Bureau plans to report them in their published series comparable with those for earlier years.

I am also showing, however, numbers reported by Departments and agencies directly to the Department of Finance for the purpose of this report, which include casual employees not normally reported to the Bureau of Statistics, and the 14,065 employees paid through the Financial Branch of the Post Office Department, who are also not normally reported to the Bureau of Statistics.

Various other minor differences between the totals reported to and by the Department of Finance, on the one hand, and those reported to and by the Bureau of Statistics, on the other, are explained in the footnotes to the table.

R. B. BRYCE.



REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA  
(EXCLUDING MEMBERS OF THE ARMED SERVICES AND THE R.C.M.P.) AS AT  
MARCH 31, 1950  
SHOWING THE NUMBERS IN PERMANENT, TEMPORARY AND CASUAL STATUS

| Departments                                  | Numbers Reported by The<br>Dominion Bureau of<br>Statistics |                |        | Numbers reported by Departments to<br>Department of Finance for the purpose<br>of this Report |                  |        |                      |
|--|---|----------------|--------|---|------------------|--------|----------------------|
|  | Perma-<br>nent  | Tempo-<br>rary | Total  | Perma-<br>nent  | Tempo-<br>rary   | Casual | Total                |
| Agriculture.....                             | 2,126   | 4,541          | 6,667  | 2,112   | 3,365            | 1,018  | 6,495                |
| Auditor General.....                         | 125   | 44             | 169    | 125   | 44               |        | 169                  |
| Chief Electoral Officer.....                 | 9   | 4              | 13     | 10 <sup>1</sup>   | 4                |        | 14 <sup>1</sup>      |
| Citizenship and Immigration                  | 832   | 1,825          | 2,657  | 818   | 1,839            | 142    | 2,799                |
| Civil Service Commission....                 | 202   | 378            | 580    | 205 <sup>2</sup>  | 378              |        | 583 <sup>2</sup>     |
| External Affairs.....                        | 401   | 900            | 1,301  | 420   | 870              | 12     | 1,302 <sup>3</sup>   |
| Finance.....                                 | 112   | 533            | 645    | 118   | 511              | 7      | 636                  |
| Canadian Farm Loan Board                     |   |                |        | 84  | 39               | 7      | 120                  |
| Comptroller of the Treas-<br>ury.....        | 1,238   | 3,062          | 4,300  | 1,245   | 3,017            | 82     | 4,344                |
| Royal Canadian Mint.....                     | 99  | 123            | 222    | 99  | 123              |        | 222                  |
| Tariff Board.....                            | 12  | 5              | 17     | 12  | 5                |        | 17                   |
| Wartime Prices and Trade<br>Board.....       |   | 690            | 690    |   | 687              |        | 687                  |
| Fisheries.....                               | 418   | 507            | 925    | 343   | 833 <sup>4</sup> | 172    | 1,348 <sup>5</sup>   |
| Governor General's Secretary                 | 9   | 1              | 10     | 9   | 1                |        | 10                   |
| House of Commons.....                        | 159   | 497            | 656    | 159   | 497              |        | 656 <sup>6</sup>     |
| Insurance.....                               | 43  | 29             | 72     | 44  | 28               |        | 72                   |
| International Joint Commis-<br>sion.....     | 4   | 6              | 10     | 4   | 6                |        | 10                   |
| Justice (including Penitenti-<br>aries)..... | 980   | 576            | 1,556  | 980   | 577              |        | 1,557                |
| Labour.....                                  | 171   | 474            | 645    | 186   | 511              | 29     | 726                  |
| Unemployment Insurance<br>Commission.....    | 2,727   | 4,421          | 7,148  | 2,727   | 4,352            | 1,268  | 8,347                |
| Library of Parliament.....                   | 18  | 13             | 31     | 18  | 13               |        | 31                   |
| Mines and Technical Surveys.                 | 495   | 1,166          | 1,661  | 524   | 1,244            | 10     | 1,778                |
| National Defence—                            |   |                |        |   |                  |        |                      |
| Army Services (8).....                       | 387   | 8,731          | 9,118  | 352 <sup>7</sup>  | 10,265           | 2,600  | 13,217               |
| Naval Services.....                          | 306   | 3,716          | 4,022  | 270   | 5,828            | 633    | 6,731                |
| Air Services.....                            | 95  | 3,612          | 3,707  | 148   | 4,172            | 308    | 4,628                |
| National Film Board.....                     | 13  | 583            | 596    | 13  | 570              | 20     | 603                  |
| National Health and Wel-<br>fare—            |   |                |        |   |                  |        |                      |
| Departmental Administra-<br>tion.....        | 87  | 181            | 268    | 87  | 177              |        | 264                  |
| Health.....                                  | 331   | 516            | 847    | 332   | 509              |        | 841                  |
| Welfare.....                                 | 255   | 500            | 755    | 260   | 494              | 25     | 779                  |
| Indian Health Services....                   | 94  | 837            | 931    | 94  | 836              | 101    | 1,031                |
| National Research Council...                 | 416   | 1,278          | 1,694  | 479   | 2,347            | 165    | 2,991 <sup>9</sup>   |
| Atomic Energy Control<br>Board.....          | 6   | 1              | 7      | 6   | 1                |        | 7                    |
| National Revenue—                            |   |                |        |   |                  |        |                      |
| Customs and Excise.....                      | 4,723   | 1,363          | 6,086  | 4,723   | 1,363            |        | 6,086                |
| Income Tax.....                              | 5,266   | 5,363          | 10,629 | 5,266   | 5,363            |        | 10,629               |
| Post Office.....                             | 12,796  | 6,103          | 18,899 | 26,804 <sup>10</sup>  | 6,013            | 152    | 33,029 <sup>10</sup> |
| Prime Minister's Office.....                 | 19  | 15             | 34     | 19  | 15               |        | 34                   |

<sup>1</sup> Includes the Chief Electoral Officer.<sup>2</sup> Includes 3 Commissioners.<sup>3</sup> Includes 325 locally engaged employees of which 19 are permanent, 294 are temporary and 12 are casual.<sup>4</sup> Includes 30 prevailing rate employees designated as permanent for superannuation purposes.<sup>5</sup> Includes 356 employees of the Fisheries Research Board.<sup>6</sup> Includes seasonal employees.<sup>7</sup> Includes 23 term employees who are designated as permanent for superannuation purposes.<sup>8</sup> Includes Administration, Defence Research Board and Army proper.<sup>9</sup> Includes 1,211 employees of the Atomic Energy Project, Chalk River, Ontario.<sup>10</sup> Includes 14,065 employees paid through the Financial Branch of the Post Office Department, all of whom are considered as permanent employees. Of these, 2,618 are full-time employees earning \$1,980 per annum or more; 11,443 are part-time employees who earn less than \$1,980 per annum and are not required to devote their full-time to Post Office Department duties; and 4 are seasonal employees.

REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA  
(EXCLUDING MEMBERS OF THE ARMED SERVICES AND THE R.C.M.P.) AS AT  
MARCH 31, 1950  
SHOWING THE NUMBERS IN PERMANENT, TEMPORARY AND CASUAL STATUS  
(Concluded)

| Departments   | Numbers Reported by The<br>Dominion Bureau of<br>Statistics |                |                      | Numbers reported by Departments to<br>Department of Finance for the purpose<br>of this Report |                |        |                       |
|---|---|----------------|----------------------|---|----------------|--------|-----------------------|
|   | Perma-<br>nent  | Tempo-<br>rary | Total                | Perma-<br>nent  | Tempo-<br>rary | Casual | Total                 |
| Privy Council.....  | 24  | 29             | 53                   | 24  | 29             | 10     | 63 <sup>11</sup>      |
| Federal District Commis-<br>sion.....                                     |   |                |                      |   |                |        | 171 <sup>12</sup>     |
| Public Archives.....  | 35  | 26             | 61                   | 36  | 25             |        | 61                    |
| Public Printing and Station-<br>ery.....                                  | 142   | 849            | 991                  | 142   | 849            |        | 991                   |
| Public Works.....   | 1,551   | 5,403          | 6,954                | 1,551   | 5,163          | 914    | 7,628 <sup>13</sup>   |
| Resources and Development.....  | 577   | 993            | 1,570                | 584   | 1,269          | 424    | 2,277                 |
| Royal Canadian Mounted<br>Police.....                                     | 86  | 482            | 568                  | 86  | 582            |        | 668 <sup>14</sup>     |
| Secretary of State (including<br>Custodian).....                          | 262   | 346            | 608                  | 262   | 346            |        | 608                   |
| Senate.....   | 35  | 121            | 156                  | 35  | 121            |        | 156 <sup>6</sup>      |
| Trade and Commerce (in-<br>cluding Dominion Bureau<br>of Statistics)..... | 829   | 1,972          | 2,801                | 826   | 1,972          |        | 2,798 <sup>15</sup>   |
| Board of Grain Commis-<br>sioners.....                                    | 510   | 303            | 813                  | 510   | 296            |        | 806                   |
| Canadian Government Ele-<br>vators.....                                   | 73  | 64             | 137                  | 73  | 64             |        | 137                   |
| Transport.....  | 3,833   | 5,646          | 9,479 <sup>16</sup>  | 3,722   | 6,292          | 1,955  | 11,979 <sup>16</sup>  |
| Air Transport Board.....  | 22  | 26             | 48                   | 22  | 26             |        | 48                    |
| Board of Transport Com-<br>missioners.....                                | 109   | 46             | 155                  | 109   | 46             |        | 155                   |
| Veterans Affairs.....   | 2,178   | 11,570         | 13,748 <sup>17</sup> | 2,178   | 11,558         | 12     | 13,748 <sup>17</sup>  |
| Soldiers Settlement and<br>Veterans Land Act.....                         | 194   | 1,140          | 1,334                | 194   | 1,140          |        | 1,334                 |
| TOTALS.....   | 45,416  | 81,613         | 127,044              | 59,509  | 86,675         | 10,066 | 156,421 <sup>18</sup> |

<sup>11</sup> Includes 10 employees on the staff of the Royal Commission on the Arts, Letters and Sciences.

<sup>12</sup> The Federal District Commission does not classify its employees as permanent, temporary and casual as is the practice under the Civil Service Act. However, 77 of the 171 employees are contributors to the Superannuation Fund.

<sup>13</sup> Does not include 240 Revenue Postmasters recorded under the Post Office Department but who are also employed part-time by the Department of Public Works.

<sup>14</sup> Includes 100 temporary employees under Part VII of the R.C.M.P. Act.

<sup>15</sup> Of the 1,972 employees reported as temporary, 288 are exempt, consisting of employees appointed by Order in Council, locally engaged staffs and prevailing rate staffs.

<sup>16</sup> Includes the staffs of the Canadian Maritime Commission and the Royal Commission on Transportation.

<sup>17</sup> Includes the staffs of the Canadian Pension Commission and the War Veterans Allowance Board.

<sup>18</sup> The final total of the figures supplied by the departments to the Finance Department includes 291 employees of the Canadian Farm Loan Board and the Federal District Commission. Other Corporations, Agencies and Crown Companies do not recognize the distinction between temporary, permanent and casual employees.







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(SESSION 1950  
HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

TUESDAY, JUNE 13, 1950

## WITNESSES:

- Mr. H. R. Malley, O.B.E., President and General Manager, Crown Assets Disposal Corporation.
- Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation) and Mr. Charles Gaysie, C.B.E., Assistant Deputy Minister, Department of National Revenue.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950



## STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.,

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |                                |                                   |
|-----------------------------------|--------------------------------|-----------------------------------|
| Anderson                          | Drew                           | Major                             |
| Ashbourne                         | Fleming                        | Maybank                           |
| Balcer                            | Fournier ( <i>Maisonneuve-</i> | Pinard                            |
| Beaudry                           | <i>Rosemont</i> )              | Prudham                           |
| Benidickson                       | Fulford                        | Richard ( <i>Gloucester</i> )     |
| Blue                              | Fraser                         | Richard ( <i>Ottawa East</i> )    |
| Boisvert                          | Gauthier ( <i>Portneuf</i> )   | Riley                             |
| Boivin                            | Hansell                        | Robinson                          |
| Brisson                           | Helme                          | Sinclair                          |
| Browne ( <i>St. John's West</i> ) | Homuth                         | Stewart ( <i>Winnipeg North</i> ) |
| Cauchon                           | Johnston                       | Thatcher                          |
| Cavers                            | Kirk ( <i>Antigonish-</i>      | Thomas                            |
| Cleaver                           | <i>Guysborough</i> )           | Warren                            |
| Cloutier                          | Kirk ( <i>Digby-Yarmouth</i> ) | White ( <i>Hastings-</i>          |
| Cruickshank                       | Langlois ( <i>Gaspé</i> )      | <i>Peterborough</i> )             |
| Denis                             | Larson                         | Winkler                           |
| Diefenbaker                       | Macdonnell                     | Wright                            |

*Clerk:* A. L. Burgess

## MINUTES OF PROCEEDINGS

TUESDAY, June 13, 1950.

The Standing Committee on Public Accounts met at 4 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Blue, Boisvert, Browne (*St. John' West*), Cauchon, Cavers, Croll, Denis, Drew, Fraser, Helme, Johnston, Kirk (*Antigonish-Guysborough*), Langlois (*Gaspe*), Macdonnell, Major, Picard, Richard (*Ottawa East*), Riley, Robinson, Stewart (*Winnipeg-North*), Thatcher, Thomas, Warren.

*In attendance:* Mr. H. R. Malley, O.B.E., President and General Manager, Crown Assets Disposal Corporation; Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation) and Mr. Charles Gavsie, C.B.E., Assistant Deputy Minister, Department of National Revenue.

The Chairman tabled the following documents which are printed as appendices to this day's minutes of proceedings and evidence:

*Appendix A:* Statement furnished by Mr. K. W. Taylor, Assistant Deputy Minister of Finance, showing gross value of purchases, commission paid, etc., by Commodity Prices Stabilization Corporation Ltd.

*Appendix B:* Statement furnished by Mr. J. M. Wardle, Chairman, Northwest Power Commission, showing undeveloped water powers of 1,000 horsepower and over from river drainages of Great Slave Lake.

The Committee resumed consideration of the accounts of War Assets Corporation.

Examination of Messrs. Malley, Scully and Gavsie was continued.

Mr. Gavsie tabled copy of Sessional Paper No. 216A of April 11, 1947, and of Sessional Paper No. 216B of April 16, 1947, which are printed as *Appendices C and D* to this day's minutes of proceedings and evidence.

At 6 o'clock p.m., the Committee adjourned until 8 o'clock p.m. this day.

### EVENING SITTING

The Committee resumed, in camera, at 8 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Ashbourne, Benidickson, Boisvert, Cauchon, Cavers, Croll, Drew, Fleming, Fulford, Fraser, Hansell, Helme, Kirk (*Digby-Yarmouth*), Langlois (*Gaspe*), Larson, Macdonnell, Major, Picard, Prudham, Richard (*Ottawa East*), Robinson, Sinclair, Stewart (*Winnipeg North*), Thomas.

The Chairman submitted a draft of a second report to the House.

Mr. Thatcher moved that the report, as drafted, be amended by deleting the first paragraph and substituting therefor the following:

Your Committee is of the opinion that the work of the Public Accounts Committee would be facilitated in coming years if it first studied the Public Accounts.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Drew moved that all the words in paragraph 8 of the report as drafted be struck out and the following substituted therefor:

Your Committee is of the opinion that the examination of public accounts can be performed more effectively if the following changes are made in the presentation of the estimates.

After discussion, and the question having been put on the said motion, it was negatived.

On motion of Mr. Fleming, it was agreed that paragraph 9 of the report as drafted be deleted and the following substituted therefor:

Your Committee does not concur in the suggestion of the Auditor General that the number of items in the estimates be substantially reduced.

Mr. Stewart moved that the draft report be referred to the sub-committee on procedure and agenda before being presented to this Committee.

And the question having been put on the said motion, and the voices being equal, the Chairman voted *Nay* and declared the motion negatived.

M. Stewart moved that the following words be inserted between the words departmental heads and and officials in the second line of paragraph 12: That they be asked to convey the results of such results to the

After discussion, and the question having been put on the said motion, it was negatived.

On motion of Mr. Fleming, it was agreed that the following paragraph be inserted immediately after paragraph 15 of the report as drafted:

Your Committee is of the opinion that the information conveyed to the House in the estimates should include all available information on expenditures and estimated expenditures in the previous fiscal year.

On motion of Mr. Fleming, it was agreed that paragraphs 17, 18 and 19 of the report as drafted be deleted and the following substituted therefor:

As in the case for the summary supplied at present, this second summary would not constitute something that the House would vote on, but your Committee is of the opinion that such a summary would give valuable information to the House and suggests that the Government should explore the practicability of supplying the House with such a summary by functional classification.

On motion of Mr. Langlois, it was agreed that paragraph 22 be deleted and the following substituted therefor:

In order to do away with such practice, if hitherto carried on over a number of years for a particular purpose, your Committee recommends that appropriate legislation be enacted.

At 11.10 o'clock p.m. the Committee adjourned until Wednesday, June 14, at 10.00 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
TUESDAY, June 13, 1950.

The Standing Committee on Public Accounts met this day at 4 p.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, we have a quorum. You will notice I have changed the seating arrangement. I have seated the witnesses on my left. For doing that I do not want to be accused of being a leftist. Yesterday the hearing developed into being a conversation piece between the witnesses and Mr. Drew and no other member could understand what was going on. Now that the seating arrangement has been changed I think it will give every member an opportunity to hear everything.

Gentlemen, we have again with us today Mr. Malley, Mr. Scully and Mr. Gavsie. Before we proceed I want to table a report of the Prices Stabilization Board in answer to a question asked by Mr. Fleming on May 30th. It will be printed as Appendix A of today's proceedings. (See Appendix "A"). I also wish to table a report from Mr. Wardle, Chairman of the Northwest Territories Power Commission. This is in answer to a question by Mr. Drew; it is a statement on the potential hydro-electric power of rivers flowing into Great Slave Lake. (See Appendix "B")

Now, any questions?

**Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation), Department of National Revenue, called:**

*By Mr. Drew:*

Q. At the point that we adjourned at last night we were discussing a statement which had been prepared as of September 14, 1947, and that statement has at the bottom a notation reading as follows: "In addition the government is committed to pay the costs of certain capital expenditures to the maximum of \$3 million incurred before March 31, 1947."

Now, I do not know who is in a position to answer this, but the question I am asking is in relation to this notation at the foot of the page. My question is this: Was the whole of that expenditure made between September 14, 1946 and March 31, 1947?—A. Yes, sir.

Q. So that the tooling and work for this item, which was not included in the balance sheet, was completed as of September 14, 1947?—A. That is correct.

Q. Therefore, in view of the fact that the government was committed to spend up to \$3 million before March 31, 1947, and, according to what you said yesterday, did spend that sum, the property therefore receives the advantage of an additional expenditure of \$3 million over and above the amount included in the balance sheet?—A. Correct.

Q. So there would be an additional asset of \$3 million?—A. Well, there were additional expenditures on tooling of \$3 million. Whether that was represented by an asset or not is another thing. Tooling expenditure does not necessarily produce tangible assets.

Q. What do you mean by that?—A. Well, I mean the tooling in this case; if I may include all of the tooling in that, it includes the tooling of the North Star aircraft which commenced in 1944. Now, tools—

Q. I do not want to interrupt you—

The CHAIRMAN: Let the witness complete what he is saying.

Mr. DREW: So that the record will be clear. You explained a few minutes ago that this \$3 million was all spent between the date of September 14, 1946, and March 31, 1947.

The CHAIRMAN: I am sorry to interrupt you, Mr. Drew. The witness is explaining the word "tooling" in general so we should let him complete his answer.

The WITNESS: I want first, Mr. Chairman, to draw the distinction between tooling as it is used in this sense and machine tools. The tooling for the aircraft that is referred to here and included in this \$3 million are expenditures that appear among the capital assets was the cost of making the jigs, the dies, and the patterns and what are to a large extent the consumable tools used in press machines, in lathes, and all the other equipment in the plant. After September 15, tooling costs went on; they never stop, because tools wear out, tools have to be thrown away, they are broken, become obsolete, and have to be replaced. It is a constant expense in a manufacturing operation. As a matter of fact, in the income tax regulations we allow 50 per cent depreciation on tools. During the period from the 14th of September, 1946, to March 31, 1947, there was an expenditure on account of tooling of \$3 million which was absorbed by the government.

*By Mr. Drew:*

Q. A few minutes ago you mentioned the date 1944. I assume you were referring to the date—A. Of the initiation of the North Star program.

Q. The initiation of the North Star program. What was that date?—A. Some time in 1944, Mr. Chairman, I am not sure I know the exact date.

Q. That followed the arrangement under which the government took over this property from Vickers Limited, did it not?—A. About the same time.

Q. Yes; and have you the figures of the total amount spent by the government on tooling from that date in 1944 until September 14, 1946?—A. Yes.

Q. What is the figure?—A. That is, excluding the \$3 million?

Q. Yes.—A. \$10,836,668.33.

Q. Are you in a position to say how much of the figure of land, buildings, plant, tooling and equipment in that statement of September 14, 1946, which amounted to \$18,825,777.62, is made up of tooling?—A. That figure I just gave you.

Q. Well, it is written in at this figure.—A. If you are referring to that \$18 million odd, it includes \$10,836,668.33 for tooling.

Q. As of September 14, 1946, you did record that as a capital asset, to the exact dollar, of the amount which had been spent on tooling?—A. I said it was an accumulated cost of tooling. I did not say there was a tangible asset at that time worth that amount of money. That was the accumulated cost of the tooling of the aircraft.

Q. I am, of course, merely quoting from the balance sheet presented to the House of Commons on April 14, 1947, which showed assets as of September 14, 1946, of \$18 million odd, as I have mentioned, of which you say \$10,836,668.33 is tooling. I can only point out that it is not a case of my interpretation, it is a case that this is described in that statement as an asset?—A. Correct, but not necessarily a tangible asset.

Q. What distinction do you draw between a tangible asset and another asset shown in this statement of September 14, 1946?—A. I do not know that I am prepared to draw any distinction. I am simply saying that in the balance sheet under the heading Land, Buildings, Plant, Tools and Equipment, there is a figure of some \$18 million and included in that is the accumulated cost of tooling the North Star.

Q. There is no difficulty about the question or about our understanding each other's words. You see, this started by my pointing out that \$3 million had been spent on tooling between September 14, 1946, and March 20, 1947, and I asked if that would not be an additional asset and you said that you did not think it would and then I pointed out to you that in the balance sheet prepared as of September 14, 1946, the tooling up to that date was described as an asset. What distinction do you draw between the two?—A. Between what two?

Q. Between the \$3 million spent between September 14, 1946, and March 31, 1947, and the \$10,836,668.33 spent prior to that?—A. I understood you to ask me in connection with the \$3 million if there were an asset on hand.

Q. I used the term asset.—A. To the amount of \$3 million. Now, what I am trying to explain is that there was a cost of \$3 million during the period from September 14, 1946, to March 31, 1947, which was added to the accumulated cost on the 14th of September, 1946, and whether it was represented by physical tools I do not know. It was the actual cost of the tools.

Q. Well, you see, I am not seeking to give any interpretation to the word "assets" other than to use the exact word that is used in the balance sheet prepared by the government for presentation to the House and it gives assets as of September 14, 1946, of \$18 million of which you have explained \$10,836,668.33 is for tooling. Now, my question relates to the expenditure of \$3 million and I imagine that you will agree with me that if the \$10,836,668.33 were correctly described as an asset in the statement of September 14, 1946, that the \$3 million spent between that date and March 31, 1947, would be correctly described if it was described as an asset.—A. I think that is correct.

Q. What was the asset total in 1944 when this property was taken over by the government from the Vickers Company? Was a balance sheet prepared as of that date?

MR. GAVSIE: Mr. Chairman, the property was never taken over from the Vickers Company by the government. The government provided the funds for Vickers to build the plant. It is not a proper statement to say that the government did take over the plant. The amount spent by the government on the plant is reflected in the balance sheet. Furthermore, the \$3 million we have been discussing is referred to in order-in-council P.C. 930 of the 13th of March, 1947, which we have tabled, and as a result of that further expenditure an amount of \$500,000 was added to the option price. That is set forth in the order-in-council. We tabled the orders in council. They were not read, but if it is necessary we can read them.

MR. DREW: I would just as soon, Mr. Gavsie that you did not engage in argument. I was questioning the witness in relation to the statement which he had made just prior to adjournment yesterday, and at the time of adjournment yesterday I pointed out that we had a statement which showed the assets of this property as having a value of \$32,668,000. I referred to the statement of the government down below and he explained about the \$3 million, and I pointed out that if that was spent that would increase the assets by \$3 million, and the witness said on the contrary that it would decrease them. I feel sure that that was the statement he made; in fact, in going over this statement—

THE WITNESS (Mr. Scully): I made no such statement.

MR. DREW: You will find confirmation of that in the press reports. The press reports I have here carry that statement.

THE CHAIRMAN: We cannot accept press reports in place of our own minutes of evidence, anyway the witness has just denied it.

MR. DREW: Let's not indulge in a banging contest, Mr. Chairman.

THE CHAIRMAN: Never mind about that. It is my job to keep order and while I am chairman I will speak when I feel it necessary and you will not tell me how I am to run this job.



Mr. DREW: And I will not be closed off by you hammering your gavel.

The CHAIRMAN: And I won't be stopped by you either.

Mr. DREW: I will say that he said that to us yesterday.

The CHAIRMAN: I have decided on that. I have also decided that we have these three witnesses here and any one of them can answer any question which is put. There is nothing wrong in Mr. Gavsie answering questions.

Mr. STEWART: There is a question which is not clear in my mind. When a company incorporates it has certain incorporation expenses which are capital items, and I assume that expenditures of that kind would appear in your balance sheet.

The WITNESS: Yes. There is no doubt about the fact that expenditures were made. Whether at the present time there are in existence physical pieces of material included in that expenditure is very problematical. I think it is fair to say that it was an expenditure of a capital character which amounted to the figure Mr. Drew mentioned between the 14th of September and the 31st of March, 1947.

Mr. CROLL: Might I ask Mr. Scully a question. Have you any figures available showing in summary form the total amount spent by the government and what was realized by the government?

Mr. STEWART: Before we go into that might I ask just one further question along that line?

The CHAIRMAN: Is that agreeable to you, Mr. Croll? Do you mind letting him finish?

Mr. CROLL: All right, I don't care.

Mr. STEWART: Assuming that you have a specific special plant being incorporated, is it not possible to make it clear in the overhead that there is included say an item of \$10,000 for patterns; and would there not be anything made to cover an item of that kind—are there not also certain amounts which are classified as intangibles?

The WITNESS: Everything used in the construction of the North Star aircraft, and others, was accounted for.

Mr. CROLL: Do you mind now answering my question? If you have the details, will you give them to us, please?

The WITNESS: Mr. Chairman, I have worked from the balance sheet which was presented yesterday to the committee. You will notice that the total assets of the project were \$32,268,704.07. There was added in 1949, at the time of the sale of the assets to the company an amount for land of \$8,017; making a revised total of \$32,276,721.07. There was deducted an amount appearing in the balance sheet as \$48,807.49 for automotive equipment which was not sold or included in the lease-option agreement, bringing a new total of \$32,227,913.58; and then there was added to that amount for additional tooling, which appears in the footnote to the balance sheet, an amount of \$3 million, making a grand total of assets of \$35,227,913.58. Those assets were settled for as follows: Paid in cash and by the assumption of current liabilities, \$13,394,118.92; covered by the lease-option agreement and subsequently purchased, \$4,008,017, making a net recovery of \$17,402,135.92. Now, I want to make reference to the \$4 million odd. The sale price under the option which was exercised in 1949 amounted to \$3,760,745; but during the three immediately preceding years there was a rent of \$600,000 paid, and of the \$600,000 there was interest of \$352,728, leaving a payment on capital account of \$247,272; which, added to the \$3,760,745 makes a total consideration under the lease option, for the sale price of the plant, of \$4,008,017. I should also like to add this, repeating what I said a



moment ago, that included in the \$35 million of assets was an item of \$13,836,668.33 for tools; that is the tooling for the aircraft as distinct from the machine tools and equipment.

Mr. CROLL: Elaborate on that for the record. It is not enough to nod your head. Just elaborate on that for those of us who do not understand about all this.

A member of the Committee: Including you, sir?

Mr. CROLL: Yes, including myself.

The WITNESS: Well, for those members of the committee—some of them must know more about this than I do—who do not fully understand it may I say this; in a manufacturing plant it is necessary to have tools. Tooling consists of jigs and dies and patterns; and, of course, it also includes the engineering cost of designing them and making them. There are the dies that are used in these large hydraulic presses, cutting tools that go on the lathes, and machine tools; and perhaps one of the largest items is the jigs. The jigs hold the components while they are being assembled. These are designed especially for a job and when that job is finished it may be possible if there is another job of that same character some of them can be used again but most of them I think experience has shown had to be scrapped and reduced back to raw metal form and reprocessed again. At the 14th of September, 1946, a large part of the manufacturing operation on the North Star had been completed and the bits and pieces, the small parts that go to make up the aircraft had to a very large extent been manufactured, and the tools that were used in making those parts were valueless, unless further orders developed for a plane of the same character. Secondly, many of the tools wore out in use, such as those used in the rubber presses for example, soft metal had to be used otherwise the press would suffer, and they have a relatively short life. I should like to repeat that figure again which was included in the tooling which was \$13,836,668.33; so, net assets, exclusive of tooling, were \$21,391,245.25. And I should like to express the view for what it is worth that that was the \$21 million in respect of which the crown recovered \$17 million, not the larger amount.

*By Mr. Macdonnell:*

Q. Would you break down that figure of \$13 million odd to show what was obligation and what was not obligation?—A. The total amount of the current assets appearing in the balance sheet is \$13,394,000. The obligations consisted of sales tax, Receiver General, \$661,000; Employee's Victory Loan Funds \$175,000, and other commitments \$2,167,000—totalling \$3 million current liabilities.

Q. And then the balance of \$10 million was paid in cash?—A. Yes sir.

*By Mr. Drew:*

Q. Now, Mr. Scully, in regard to what you said in answer to Mr. Croll; you gave a statement of the assets and Mr. Croll asked you what the total amount spent by the government on this plant was up to the time you took it over. Have you got that?—A. You mean when they took it over from whom?

Q. When they started operating it again as a government plant. A. It was always operated as a government plant.

Q. Well again, when they started operating it under a management agreement with Canadair.—A. I haven't got that information with me.

Q. Let me get the sequence of events. As you know, this property was government property operated under the management of Vickers Limited until 1944, then in 1944, according to the statement read into the record yesterday by Mr. Gavsie the government in view of the commitments of the Vickers Company in connection with the building of ships decided to place it under other management

and at that time a new management contract was entered into. It was during that period that the program was undertaken which was carried forward by the company to whom this property was leased as of September 14th, 1946; and I do not know what Mr. Croll asked for, he asked for what the government had spent, and I would assume that you would have figures of what the government has spent on this property from the time it was started.

Mr. GAUSIE: Are you referring to the real estate plus the machinery and the tooling or are you referring to all the inventories that may have passed through? In the statement yesterday you noticed that there was over \$105 million worth of work. This statement discloses what the government spent on plant, machinery and tools from the time the plant was constructed. Now, if you have reference to the amount of working capital that flowed through that plant, that is an entirely different proposition and will require considerable study because that will involve an analysis of that \$105 million that flowed through the plant.

Mr. THATCHER: May I ask you there, what would be the investment?

Mr. GAUSIE: That is on the balance sheet.

Mr. THATCHER: Oh, that is the \$35 million.

Mr. DREW: I did not think the working capital would be included in the amount expended on it. I do not know whether your answer is satisfactory to Mr. Croll or not.

Mr. CROLL: I am satisfied with it, and happy about it.

Mr. DREW: Then, I will put the question in my own way.

*By Mr. Drew:*

Q. From the time the government entered into the management contract after the management of the plant passed from Vickers Limited in 1944, how much was spent by the government on that plant in the way of capital investment?—A. I cannot answer that from the information I have here; in other words, you want the capital figure as it was in 1944?

Q. Yes, the question which I thought perhaps Mr. Croll had asked but apparently did not and I am now asking it. From the time that this plant started in the new period in 1944 when the new program was undertaken under new management up until September 14th, 1946, how much money was spent in the way of capital investment by the government on this plant?—A. I haven't got that but I think we can get it for you. May I just make sure I understand your question?

Q. Yes.—A. You want to know the expenditures on capital account from this date in 1944 up to the execution of this agreement?

Q.. Yes. I want to know the total amount spent by the government in connection with the operation together with anything that was paid for production in that plant. In other words, I am including in that what the government paid for anything produced during that period. I am simply asking for the figure of what the government actually spent on that plant during that period.

Mr. THATCHER: Mr. Chairman, I am not clear on it. Does he want to know the investment the government has in the plant? Is that it?

*By Mr. Drew:*

Q. No, give us the total investment—of course, if you regard that expenditure as an investment—the total amount the plant got from the beginning. The question I am now asking is one directed to the period from the time when the management agreement with Vickers Limited terminated and the new management agreement came into effect. Then, when you are getting that figure will you also get the figure for the total amount spent by the government on this

plant and its equipment, including tooling from the beginning of that plant up till the time the management contract with Vickers terminated.—A. All of the tooling would have occurred since that date in 1944, all of the \$14 million would have occurred in 1944 to 1947. There is not much plant expenditure because the buildings for example existed before 1944. But I can get that information for you.

Q. Yes, and in that figure you might include the cost of tooling, machinery, and all capital investment in that plant.

Mr. GAUSIE: Mr. Chairman, perhaps this might help the committee on this capital figure and give you some idea. This plant was substantially complete and a great part of the \$8 million of investment in buildings and machinery, apart from tools, was made during the management of the Vickers regime, so that there would be a relatively small amount added after the Canadair took over the management of the plant, apart from tools. I am talking about the \$8 million as distinct from the \$18 million.

Mr. DREW: Of course, I have asked for the figures covering the two periods. You will be able to obtain them. We will be able to see how much Vickers got. I want the complete figures for which I have asked for the two periods. Now, in regard to the explanation which was given as to this total amount for tooling and your suggestion that this should not be recorded under any of the assets because of the fact that the tooling would cease to have particular asset value when this particular program or project came to an end I would point out, Mr. Scully, that we are dealing with transactions under which this operation passed to private hands as of September 14th, 1946, and that all this tooling and everything else included in the figure of assets is included in those things which were purchased when the option was exercised in October of last year. I think you will agree with me that it is the practice of private companies carrying on their business and in preparing their statements and in charging what they do for the things that they sell to charge a depreciation figure which in the accounts is estimated to balance the actual loss in value of whatever assets are used in that way.

The WITNESS: It is sound, I would say, to do that.

Mr. DREW: That is exactly what I am getting at; and, therefore, when this passed into private operation it would naturally be dealt with by an item of that kind in their accounts so that they would benefit to the fullest extent because they would in the computation of their cost necessarily include whatever depreciation figure they thought appropriate to include. That would be your own experience in a private company's operation statement, would it not?

The WITNESS: That is assuming that we were able to use the tools.

Mr. DREW: You know what they did.

The WITNESS: I don't know the amount they spent—on what do you mean?

Mr. DREW: Well, on the North Star.

The WITNESS: As I told you a moment ago the manufacture of the North Stars was virtually completed, finished up to the assembly line at the time they took over the plant.

Q. What was the \$3 million spent on?—A. That was for the tooling between the 14th of September and the 31st of March and I think that after March there was an additional expenditure for tooling.

Q. Were you directly acquainted with this operation?—A. Up to the end of March, 1947.

Q. At what point was it that they started tooling for the later models?—A. Later than that.



Q. Later than that; and it was later than that that the change was made to the pressurized cabins?—A. No. The first ones were pressurized for TCA.

Q. The general production of pressurized aircraft came after that?—A. Yes, sir; but a lot of manufacturing had been done at that time.

Q. What was this tooling for?—A. Some of it was replacement of tools worn out; they were constantly changing them as they kept on changing that aircraft.

Q. As Mr. Gavsie pointed out yesterday, in so far as it may be a matter of fact or record, can you explain why, in view of the fact that this was being taken over as a private operation, this provision was made for expenditure by the government of \$3 million on tooling instead of it being undertaken by the company itself?—A. The only orders for aircraft at that time were government orders.

Q. Yes; but they were arranging to sell to the government.—A. They did agree to sell.

Q. And they carried forward contracts already entered into with the previous management?—A. No. There were new contracts in respect to both.

Mr. GAVSIE: And those contracts were tabled on April 16, 1947. I think Mr. Fraser has them there. They were fixed price contracts for the air force and fixed price contracts for the TCA; and I think it was \$630,000 per aircraft for the R.C.A.F. and \$660,000 for the TCA, which were pressurized.

The CHAIRMAN: When you hand us these reports, I think they should be tabled as appendix C to our proceedings.

Mr. GAVSIE: What is that, please, sir?

The CHAIRMAN: When you supply them to us after the meeting, I think they should be printed as appendix C. They are public documents.

(See Appendix C)

Mr. FRASER: This is returned in my name, dated April 16, 1947. It is Sessional Paper No. 216-B, and I think that the Clerk of the House had some copies made.

The CHAIRMAN: We shall have copies added as an appendix.

(See Appendix D)

Mr. McILRAITH: I am not aware of anyone having copies of this document made for someone. If he did, I would be delighted to know, but it is news to me. I tried to get the original documents last week but they were not in the Sessional Papers office and I could not get them until Monday noon. I had them in the Chamber for about three minutes to see what the contents were; but I am not aware of copies being made.

Mr. FRASER: I gave them to the Clerk of the House at 10 o'clock. I was at his office at 9 o'clock and I gave them to him by messenger at 10 o'clock, to have them typed.

The CHAIRMAN: We would like to have a copy made so we could add it as an appendix.

Mr. FRASER: There would be also the balance sheet, Sessional Paper 216-A, of April 14, tabled in my name, which shows the balance sheet as of September 14, 1946.

Mr. CROLL: Have you cleared that up, Mr. Chairman? I am interested and I would like to ask a question.

The CHAIRMAN: Very well, Mr. Croll.

*By Mr. Croll:*

Q. Do I understand Mr. Scully, that from the evidence, or from some of the answers—and you will correct me if this is not a correct impression—that after they had agreed to sell the plant, and there was an agreement to buy it,



the government made a further expenditure of \$3 million for tool equipment? Is that correct?—A. That is correct, during the period that the negotiations were going on.

Q. Let us get it right. Had an agreement been reached, or were there negotiations?—A. Negotiations.

Q. And during negotiations, while the plant was being kept in operation, a further expenditure of \$3 million was made?—A. That is correct.

Q. Were negotiations finally concluded?—A. Yes.

Q. When did they start and when did they finish, approximately?—A. Oh, approximately, between September and March.

Q. Between the 14th of September, 1946 and the 31st of March, 1947?—A. That is right.

Q. That was the negotiating period?—A. That is correct.

Q. And during that time, this expenditure was made?—A. That is correct.

Q. Because, as you say, the government was the North Star customer and it needed them, and they thought it was necessary?—A. That is correct.

*By Mr. Langlois:*

Q. That was an increase in the contract price which was made afterwards?—

A. That is right. There was \$500,000 added to the option price.

*By Mr. Fraser:*

Q. Might I ask Mr. Scully this: The cost of these airplanes, these North Stars, was \$630,000; and there would be an additional cost to the government on their portion of the \$2,500,000. Is that right?—A. I think so, yes.

Q. That would have to be added to the cost of the plant?

Mr. GAUSIE: The practice of the government was to charge these items to capital. I think there is no need to speculate. It is in the order in council. We have talked around the subject, so perhaps I had better read what the order in council says.

This is order in council P.C. 930 of March 13, 1947,

P.C. 930, March 13, 1947.

The Committee of the Privy Council have had before them a report dated March 12, 1947, from the Minister of Reconstruction and Supply representing:

That by order in council P.C. 242 of January 21st, 1947, authority was granted to enter into an agreement with Electric Boat Company and Canadair Limited for the take-over by Canadair Limited (hereinafter called "The Company"), as and from September 14, 1946, of the plant and operation carried on by it at Cartierville, Quebec, on behalf of His Majesty;

That the said agreement provides that His Majesty or Trans-Canada Air Lines, as the case may be, will enter into firm price contracts as soon as possible with Canadair Limited for the completion of the 44 North Star aircraft presently being built at the plant;

That the lease option with the Company for the plant, equipment and tooling provides for rental of the tooling in the plant as at September 14, 1946 and that tooling subsequently acquired would be charged as a cost of the contract. This will result in a division of ownership between the Crown and the lessee and will result in no recovery to the Crown for the tooling so to be provided. In similar cases it has been the practice of the Department to provide the tooling as a separate item and retain ownership thereof;

That it is advisable and in the public interest that the tooling manufactured or acquired by the Company from September 15, 1946 to March 31, 1947, for the production of the said 44 aircraft should be paid for separately and title thereto should vest in the Crown. It is estimated that the cost of such tooling for such period will not exceed \$3,000,000.00, and funds for the payment of such cost are available out of Vote 605 of the Estimates for the fiscal year ending March 31, 1947;

That the said agreement further provides that the Douglas Licence Agreement will be assigned to the Company subject to the written consent of the Douglas Aircraft Company Inc. (hereinafter called "Douglas");

That Douglas has agreed to consent to the assignment of the Douglas Licence Agreement provided the Canadian Government will remain liable for the payment of the royalties on 44 aircraft or will pay such royalties now; it is advisable and in the public interest that such royalties should now be paid to the Company to be held in escrow for the account of Douglas, and funds for such purpose are available out of said Vote 605;

That it is proposed to amend the terms of the 15-year lease option with the Company relating to the plant, equipment and tooling to include the tooling to be provided as above mentioned, and to increase the basic value of the plant and the option price to \$4,000,000.00 and to increase the annual rent to \$200,000.00;

That it is proposed that the basic price for the 20 aircraft for Trans-Canada Air Lines will be \$660,000.00 each and the basic price for the 24 aircraft for the Royal Canadian Air Force will be \$640,000.00 each, sales tax, if any, extra; and

That the Minister considers the proposed prices to be fair and reasonable.

The Committee, therefore, on the recommendation of the Minister of Reconstruction and Supply advise that the foregoing be approved and that authority be granted for the execution of such contracts and other documents as may be necessary to give effect thereto.

*By Mr. Langlois:*

Q. As to the price of these aircraft built after the extra tooling was done and paid for by the Crown, when those prices were fixed was account taken of the fact that the government was paying for the tooling?—A. Yes.

Q. And the price was therefore reduced?—A. Certainly.

Mr. DREW: Of course, they made a good profit out of it.

The CHAIRMAN: That is a matter of opinion.

Mr. DREW: No. It is a matter of public record.

The CHAIRMAN: I would like this record to be given to us.

*By Mr. Langlois:*

Q. How did the price compare with the price paid before?—A. I do not think you or anyone knows the answer to that.

Mr. DREW: Oh, yes. It is a matter of record; and if you look up the public statements in regard to it, you will find that to be the case.

The CHAIRMAN: That again is a matter of opinion.

*By Mr. Langlois:*

Q. How did the prices paid for these aircraft compare with the prices paid for them before under the management of the Crown?—A. There were none delivered.

Q. There were none delivered before?

Mr. FRASER: Mr. Howe would not tell us what the cost was before. I asked him for it a number of times but he would not tell.

Mr. LANGLOIS: I think he said they were in incomplete form.

Mr. MACDONNELL: As I understand the order in council and the other explanations, there was a double transaction whereby the government was getting rid of this plant on the one hand, and on the other hand it was buying aircraft. I think you said in answer to my friend that this \$3 million was spent for tooling and it was in effect an additional price for the aircraft.

Mr. GAVSIE: I did not say that. I read the order in council to show that this money was paid out of the vote and added to the capital cost. It is reflected in the balance sheet as part of the capital expenditures. It has been the practice, as cited in the order in council, for the Crown to provide tooling as a separate item and to retain the ownership and in this case it was disposed of as part of the capital spent by the government on the plant. Whether you want to build up a price for the aircraft by figuring the items spent on capital is a matter of opinion.

Mr. MACDONNELL: This surely was a very different transaction from the government's getting rid of the property. I want to return to my question to show that it is not as stupid as you would seem to indicate that it was.

Mr. GAVSIE: If you got that impression, let me say that it was not my desire.

Mr. MACDONNELL: My understanding is that at the time this transaction took place what in fact happened was that the government paid so much for the aircraft and also paid this \$3 million for tooling. Is that right?

Mr. GAVSIE: Oh, yes.

Mr. MACDONNELL: In view of the fact that they were getting rid of the title to the property, was it not in effect an addition to the price of the aircraft they were buying, because they were no longer going to have the title? That is what I mean by saying: was there not in effect an addition of \$3 million to the purchase? If the government had not paid out that \$3 million for those tools, the company would have had to do so itself?

Mr. LANGLOIS: It would have to pay more for the aircraft.

Mr. MACDONNELL: Therefore I ask if that is correct, and if the change, if any, in the price of the aircraft to the government was made by reason of that fact? That is a thing I am not clear about.

Mr. MAJOR: Did they not just keep the facilities of the company in operation?

The WITNESS: I think that is right, Mr. Macdonnell. I think negotiations with these people were begun at a stage in the manufacture of these aircraft where the aircraft were nearly finished; seven of them, if I remember correctly, had been completed; and all of the cost of the aircraft exclusive of the capital costs, which included tooling, was paid for by Canadair and charged back to the government when they delivered the aircraft, that is, when they supplied and delivered the aircraft. But no part of the tooling incurred prior to March 31, 1947, was included in the price that Canadair charged to the government for the aircraft.

*By Mr. Macdonnell:*

Q. It still seems to me, if I am correct in the statement which I made, that this sum of \$3 million was in fact an addition to the price. I should have thought that the price quoted would have been reduced in order to give effect to it?—A. Yes, it was. When it was paid by the government, the price would have been reduced.



Q. Then what was the original price and what was the reduction?

Mr. CROLL: Does it not appear in the order in council?

Mr. GAVSIE: Yes. The price was negotiated having regard to the situation as it then existed. The prices were \$630,000 and \$660,000 for the pressurized; and they were arrived at having regard to the fact that these items had been provided by the government as capital expenditure.

*By Mr. Macdonnell:*

Q. Is there anything we can compare it with such as a price which had been paid for some previous delivery of the same type of plane?

Mr. GAVSIE: Not in Canada.

The WITNESS: Compare that with \$1½ million in the United States.

Mr. MACDONNELL: Had there been any price prior to the time that this whole transaction went through? It was understood that the \$3 million paid would be an addition. Had any price been discussed until then?

Mr. GAVSIE: Canadair was merely operating as managers. I said the price was fixed having regard to the fact that the government had made these capital expenditures.

Mr. MACDONNELL: It was fixed having regard to this \$3 million which the government was chipping in?

The CHAIRMAN: The \$3 million does not increase the price.

Mr. LANGLOIS: Was not most of the tooling covered by this \$3 million item in the year before the transfer occurred?

Mr. GAVSIE: Yes. Negotiations ran on from September to March; and by the time they were finalized and all the details worked out this money had been spent, and it had to be provided.

Mr. CROLL: In order to keep the plant in operation?

Mr. GAVSIE: Yes, to keep the plant in operation.

*By Mr. Major:*

Q. I think Mr. Scully said that a comparable plane had been made in the States?—A. There was no aircraft comparable to this one available under \$1 million at that time. But it is very hard to compare prices because aircraft are built to special specifications for radio, finish, engines and so on, and they determine the final selling price of the aircraft.

*By Mr. Drew:*

Q. Do you know the price at which Constellations were offered to the Canadian government?

Mr. CROLL: It is a much inferior plane to the North Star.

Mr. DREW: We are not talking about a plane, we are talking about a particular offer or contract that was given. I do not know which official is the one who was in touch with this.

The WITNESS: That would be Trans-Canada Air Lines.

Mr. DREW: No consideration was given to the price of these machines by the government because they were buying them for the R.C.A.F.?

The CHAIRMAN: Was that while administration was carried on by Vickers or subsequently?

Mr. DREW: No. This was in a subsequent period because machines of that kind were not being sold for passengers during the war.

When you speak of negotiations, are you in a position to speak of your own knowledge of the time when negotiations began?



Mr. GAVSIE: Yes, in so far as the details of this contract are concerned.

Mr. DREW: Without qualification are you in a position to state when the negotiations began?

Mr. GAVSIE: On the drafting of this item?

Mr. DREW: No.

Mr. GAVSIE: Well naturally these people would first discuss the matter with Mr. Howe.

Mr. DREW: So you are not in a position to say when the negotiations began?

Mr. GAVSIE: No, I can only speak of the time when I began to do the things I was instructed to do.

The CHAIRMAN: That means the drafting of the agreement?

Mr. GAVSIE: Yes.

Mr. CAUCHON: But up until that time these matters were in the hands of the minister?

Mr. DREW: So far as these proceedings were concerned, Mr. Chairman, is it Mr. Gavsie or Mr. Scully who knows what took place at that time?

The WITNESS: At what time?

*By Mr. Drew:*

Q. During the time the negotiations were going on between the Electric Boat Company and the government.—A. Between September and March both Mr. Gavsie and I were aware of what was going on.

Q. Then what was the first contact, Mr. Scully, you had with this transaction? Were you informed that negotiations were under way with the Electric Boat Company?—A. Yes.

Q. By whom?—A. By the minister.

Q. What information had been given to you at that time on which you proceeded to act?

The CHAIRMAN: I think that is going into departmental administration, and that a civil servant is not forced to reveal his private conversations with a minister of the Crown.

*By Mr. Drew:*

Q. Were you informed that arrangements had been made in regard to this and that you were to carry these transactions forward?—A. Yes.

Q. So when the matter came to you in September the arrangement had been made?—A. What do you mean by the arrangement, the details of the scheme?

Q. As I understand the negotiations had reached the point where it was decided to proceed and you worked out the details, is that not the situation?—A. I do not recall it happening that way.

Q. How did it happen, as you recall?—A. I recall being instructed to go ahead and complete the negotiations with these people.

Q. You were instructed in September to go ahead and complete the negotiations with the Electric Boat Company?—A. Yes.

The CHAIRMAN: Instead of nodding, Mr. Scully, speak; it is for the record.

*By Mr. Drew:*

Q. Did you carry on the negotiations then directly with the Electric Boat Company?—A. Yes.

Q. Were they represented by legal representatives here in Canada or by an official of the company?—A. Officials of the company.

Q. And who was that official?—A. Pardon me, I did not get the last question.

Q. Who were the officials?—A. Mr. Hopkins, Mr. Marx, and Mr. Oliver West.

Q. Was Mr. Franklin a party to these negotiations?—A. No.

Q. Then, had you anything to do with Mr. Franklin at any time or have discussions with Mr. Franklin in regard to this transaction?—A. I may have had some discussions with Mr. Franklin; I met Mr. Franklin several times before I went to Ottawa but I do not remember any discussions relating to this transaction with Mr. Franklin at any time.

Q. The reason I mention that is just to refresh your memory, or perhaps it is perfectly fresh in your memory. The Canadair Company was a management company which had no assets in the property in question. The total valuation given to its outstanding stock at that time was \$10,000, and at the time, however, that the negotiations reached the stage of completion, the Canadair Company, which was Mr. Franklin's company, was a party to a general transaction and in fact in the records that are available it appears that the government had been informed that the Canadair Company was under the control or would be placed under the control of the Electric Boat Company. You were aware of those discussions were you not?—A. Some of them, yes.

Q. Well, you were aware, were you, of the fact that part of the general transaction was to be that the Electric Boat Company was to acquire the controlling interest in Canadair?—A. It is specified right in one of these agreements.

Q. That is so, and I am simply trying to get all the information you had during these transactions in regard to the position of Canadair and the Electric Boat Company. At what stage were you aware that the acquisition of the stock of Canadair by the Electric Boat Company was a part of this general transaction?—A. The very first time the negotiation started, as far as I was concerned.

Q. Back in September of 1946?—A. Yes.

Q. So that when this matter came to you, when you received instructions to proceed with the negotiations with the Electric Boat Company, it was with the advice or with the knowledge that there was also an arrangement whereby the Electric Boat Company was to acquire the control of Canadair, is that right?—A. Correct.

*By Mr. Croll:*

Q. Mr. Scully, there was a very good reason for that, was there not, for the Electric Boat Company to acquire control of Canadair?—A. I think there were several good reasons.

Q. Let us have some of them.

MR. DREW: Mr. Chairman, I do not want to interfere but if the witness is going to give his opinion as to reasons, then I do not want any limitation placed upon his knowledge of reasons for other things.

*By Mr. Croll:*

Q. Let me ask you this question: The government had taken this enterprise out of the hands of the Vickers company had they not?—A. Yes.

Q. The Vickers Company, in the main, have a fine reputation but the government felt they were not qualified to handle this particular business?—A. That is outside my knowledge.

Q. Let me put it this way, that the Electric Boat Company had the know-how and the brains to do that particular job.—A. Well, they were well-known operators of large businesses in the United States.

Q. Of a similar nature?—A. No, they had never been in the aircraft business to my knowledge.

Q. What business had they been in?—A. Submarines and launches of larger sizes.

Q. But in their own line they had been successful?—A. Very.

Q. Very successful and here you required managerial ability?

Mr. MACDONNELL: Know-how.

The WITNESS: Definitely.

*By Mr. Croll:*

Q. And that was the purpose of this deal?—A. I think Mr. Howe referred to that in his statement, Mr. Chairman.

Q. When was the statement made?

Mr. GAVSIE: I read the statement into the record yesterday.

The CHAIRMAN: We are getting back to a question of a matter of policy, Mr. Croll, and the statement was read into the record as to Mr. Howe's reasons. I do not think the witness should be asked to give his opinion.

Mr. CROLL: I will pass that.

Mr. LANGLOIS: I think the reason given yesterday as to why the management was withdrawn from Vickers was because the shipping program was increasing, and Vickers being well-known shipbuilders, we wanted Vickers to devote themselves to shipbuilding.

Mr. DREW: Since that has been referred to I would like a comment from Mr. Scully as to why the management was withdrawn from Vickers because they were a shipbuilding concern and put into the hands of another corporation which was in the same line of business, a shipbuilding concern, which had no previous knowledge whatever of aircraft at all. Is that not correct, Mr. Scully?

The CHAIRMAN: That is also referred to in Mr. Howe's statement.

*By Mr. Drew:*

Q. Is that not so, Mr. Scully?—A. It is obvious.

Q. And that is the situation?—A. They contracted to provide management and they did.

Q. And as you know they obtained a manager for this who had not previously been with them until those negotiations were undertaken. That is right, is it not?—A. That is correct.

Mr. LANGLOIS: That did not prevent them from building a good aircraft just the same, afterwards.

Mr. DREW: There have been a lot of very good aircraft builders.

Mr. RICHARD (*Ottawa East*): Mr. Chairman, everybody has had their say and I think the discussion has reached an end.

The CHAIRMAN: Is anybody on the committee aware as to whether the Vickers Company are protesting against the deal they got at the time, or is anybody intimating that Vickers has been victimized in any way?

Mr. DREW: I made no suggestion of that but my friend had just emphasized the fact that Vickers had been divested of their responsibility because they were a shipbuilding organization, and I said that another company having a different type of shipbuilding program acquired the responsibility.

The CHAIRMAN: May I point out Mr. Drew's slip of tongue when he just said "Victor" instead of "Vickers".

Mr. GAVSIE: Two years had elapsed, as well, and the European war had come to an end in the interval.

Mr. DREW: In what interval?



Mr. GAUSIE: Between 1944 when Canadair was set up and 1946 when negotiations started with the Electric Boat Company.

Mr. DREW: Oh, yes, the sale of submarines was decidedly declining, you are quite right.

Mr. LANGLOIS: I think it was put in the record yesterday also that even though Vickers was divested of the management that most of the personnel was retained after Vickers gave up. Is that not a fact?

The WITNESS: That is right.

The CHAIRMAN: Any further questions?

Mr. CROLL: Have we finished with that?

The CHAIRMAN: I do not know. We are in the hands of the committee.

The only thing I agreed to is that at 5.30 we will adjourn because representatives of the press gallery have asked me to adjourn at 5.30 so that the members can come to their reception. We have ten more minutes.

Mr. DREW: Mr. Scully, I do not know whether you or Mr. Gausie can answer this question best. As you know, in connection with the operations there were certain statements prepared in connection with Canadair and certain statements prepared in connection with the previous company.

The CHAIRMAN: Order, gentlemen, order. I am not banging the gavel at you this time, Mr. Drew. I want to have silence so you can be heard.

Mr. DREW: I recognized the difference in tempo of your gavel pounding, Mr. Chairman.

*By Mr. Drew:*

Q. As of September 14, 1946, a balance sheet was prepared, which we have been discussing, which showed assets having a value of \$32,268,000 and a commitment to spend a further \$3 million on tooling. Now, as of the same date a balance sheet was prepared by the Canadair Limited. Have you a copy of that statement showing the balance sheet of Canadair Limited as of the 14th of September 1946 after acquisition by the Crown?—A. No, sir, I do not think so; the only one I have here is the one we discussed yesterday.

Q. Then, if you have not got it, I will not ask you a question in regard to it. Mr. Scully, in view of the fact that the option to purchase was not taken up until October of 1949, or was not exercised until October of 1949, the government had a continuing interest in the property and the activities in connection with the property. It is only as a matter of record that I am asking the question, but did you obtain the annual statement issued by the Electric Boat Company during that period?—A. I have seen the financial statements issued by the Electric Boat Company for the last two years but I have never seen a statement by Canadair.

Q. I was going to ask you a question in regard to that. You made a remark a short time ago which rather struck me and I thought I would like to know what you had in mind. You said, you did not know whether Canadair did make any money on this. Why did you make that statement?—A. I may say that this is my own opinion, based on what I saw. In the Electric Boat statement it would be impossible to say what they made on these aircraft.

Q. You are basing that on the fact that you have examined the statement of the Electric Boat Company?—A. Yes, with great interest.

Q. Did you not see in the statement of the Electric Boat Company that the greater part of their profit came from Canadair?—A. Not for these aircraft.

Q. What other aircraft are they selling?—A. They had several conversations under way, for example, at the end of 1946.

Q. Do you think that those conversions amounted to something substantial?—A. There was an incident in Europe that helped them considerably, that was the Berlin airlift; a market that did not exist for the inventory of spare parts suddenly developed.

Q. Mr. Chairman, I realize that all of the witnesses are here to help each other but I would like the evidence to be given by the witness under examination.

The CHAIRMAN: The two of them are better acquainted with the facts.

Mr. DREW: I think it will be more convenient if Mr. Gavsie gives the information, if he gives it directly rather than secondhand.

The CHAIRMAN: That is a matter for them to decide. They are both here officially and can use their own discretion as to who answers any question. Will you proceed, Mr. Scully.

The WITNESS: I am finished. I merely said that a market suddenly developed quite unexpectedly for spare parts for C-54's and I should think they made a very considerable amount of money on the sale of them.

Q. But you are aware of the statement in the report of the Electric Boat Company that the greater part of their profits was what they made in Canadair.—A. That was the last one, is it not?

Q. But you remember the statement.—A. I remember a statement was made in one year but I do not remember which.

Q. During the period that the government had a continuing interest in Canadair, rather in that property because it had not yet been sold, did you obtain statements from Canadair in regard to their annual operations which showed their profit and loss?—A. No, sir.

Q. Do you know whether such statements are available?—A. I suppose Canadair have them. I have never seen them.

Q. Do you know if they are available to anyone as separate statements?—A. I do not know.

Q. Perhaps Mr. Gavsie could answer that. Do you know, Mr. Gavsie?

Mr. GAVSIE: No, there is nothing in the contract which entitles the government to get any statement from them. I presume they are in the Income Tax Department.

Mr. CROLL: How do we get that in the Income Tax Department? Both of you are here. Tell us.

Mr. DREW: I am not seeking any indirect information. In your legal capacity, Mr. Gavsie, you were fully in touch with this?

Mr. GAVSIE: Yes.

Mr. DREW: And you are aware that the Electric Boat Company arranged at the time that Canadair was to apply for supplementary letters patent to become a private company, and a private company would not file reports?

Mr. GAVSIE: I am not surprised that they did so.

Mr. DREW: Do you know if they did?

Mr. GAVSIE: I do not know personally that they did it; that was not part of my work. When the transaction was completed I did not have any further interest in the matter.

Mr. DREW: Were you aware or were you not, up to the moment I asked the question, that this is a private company?

Mr. GAVSIE: No.

Mr. DREW: If you do not know I do not want you to give that answer. But you would agree from your knowledge of corporate structures that if it were a private company its statements would not be available in the ordinary course of events?

Mr. GAVSIE: I believe that to be a provision of the company Act.

Mr. DREW: Now, just at this point, as a matter of information, I would like to have someone from the Department of the Secretary of State who can come tomorrow and explain the present status of that company and give full information as to the sequence of events by which this company had supplementary letters patent issued to it and any changes that were made.

The CHAIRMAN: But the fact that the company is not forced to provide reports is a normal thing under the companies Act.

Mr. DREW: I am simply pointing out, Mr. Chairman, that this company did not exercise its option to purchase until October of last year and I think it would be a matter of some interest for this committee to know whether during that period Canadair did or did not become a private company which, of course, changed its responsibility with regard to filing annual statements.

The CHAIRMAN: At 8:00 o'clock tonight there will be a meeting in camera to study the interim report on the first fourteen meetings.

We will meet tomorrow at 10:00 o'clock.

The committee adjourned.



## Appendix A

## COMMODITY PRICES STABILIZATION CORPORATION LTD.

The following statement shows, by fiscal years, the F.O.B. value of purchases, gross commissions earned, expenses on behalf of Commodity Prices Stabilization Corporation Ltd., refunds to Commodity Prices Stabilization Corporation Ltd., under the profit control agreement, net commission paid, total cost to Commodity Prices Stabilization Corporation Ltd., and percentage of cost to F.O.B. value of purchases, with respect to goods handled by Harrisons & Crosfield (Canada) Ltd., as managing agents of the Bulk Purchasing Division of Commodity Prices Stabilization Corporation Ltd.

|                             | I                               | II                             | III                                  | IV   | V                         | VI                           | VII   |
|-----------------------------|---------------------------------|--------------------------------|--------------------------------------|--|---------------------------|------------------------------|---|
|                             | F.O.B. Value<br>of<br>Purchases | Gross<br>Commissions<br>Earned | Expenses<br>on behalf of<br>C.P.S.C. | Refunds to<br>C.P.S.C.<br>under<br>profit control<br>agreement | Net<br>Commission<br>Paid | Total Cost<br>to<br>C.P.S.C. | Percentage<br>of Cost<br>to F.O.B.<br>Value of<br>Purchases |
|                             | \$                              | \$                             | \$                                   | \$   | \$                        | \$                           |   |
| Year ending March 31, 1943  | 28,827,697                      | 350,926.76                     | 81,326.22                            | 142,046.84   | 127,553.70                | 208,879.92                   | 0.725   |
| Year ending March 31, 1944  | 49,034,034                      | 846,361.54                     | 177,307.05                           | 577,794.37   | 91,260.12                 | 268,567.17                   | 0.548   |
| Year ending March 31, 1945  | 69,986,054                      | 1,153,841.93                   | 194,583.27                           | 885,459.10   | 73,799.56                 | 268,382.83                   | 0.383   |
| Year ending March 31, 1946  | 71,113,790                      | 1,091,204.94                   | 201,746.77                           | 871,435.72   | 18,022.45                 | 219,769.22                   | 0.309   |
| Year ending March 31, 1947  | 84,548,161                      | 1,136,715.05                   | 199,784.67                           | 888,007.16   | 48,923.22                 | 248,707.89                   | 0.294   |
| Year ending March 31, 1948  | 46,824,437                      | 583,159.07                     | 211,807.11                           | 321,351.96   | 50,000.00                 | 261,807.11                   | 0.559   |
| Year ending March 31, 1949  | 16,621,781                      | 240,091.86                     | 156,119.91                           | 321.49   | 84,293.44                 | 240,413.35                   | 1.446   |
| Inception to March 31, 1949 | 366,955,954                     | 5,402,301.15                   | 1,222,675.00                         | 3,685,773.66   | 493,852.49                | 1,716,527.49                 | 0.468   |

## Appendix B

## NORTHWEST TERRITORIES POWER COMMISSION

MAIN OFFICE: OTTAWA, ONTARIO

Room 310, Motor Building,  
Ottawa, June 8th, 1950.

Dear Mr. Burgess: Following the request of Mr. Drew to Mr. Croll, Chairman of the meeting of the Committee on the morning of the 6th instant, I am forwarding herewith (in duplicate) a statement of the potential hydro-electric power on the rivers flowing into Great Slave Lake, and which includes water-power possibilities in the Yellowknife area.

Yours very truly,

J. M. WARDLE,  
*Chairman.*

Mr. A. L. BURGESS,  
Secretary,  
Public Accounts Committee,  
Room 432,  
House of Commons,  
Ottawa, Ontario.

Undeveloped Water Powers of 1000 Horse-Power and over from  
River Drainages of Great Slave Lake

## (1) Yellowknife District (Within radius of 180 miles of Yellowknife).

| River                                   | Tributary of | Estimated Capacity<br>in Horse-Power |                             |
|---|--------------|--------------------------------------|-----------------------------|
|   |              | at ordinary<br>minimum flow.         | at ordinary<br>6 mos. flow. |
| Snare River—Great Slave Lake.....       |              | *21,650                              | Regulated                   |
| Yellowknife River—Great Slave Lake..... |              | 3,850                                | 5,700                       |
| Beaulieu River—Great Slave Lake.....    |              | 2,420                                | 2,700                       |
| Lockhart River—Great Slave Lake.....    |              | 104,300                              | 156,200                     |
| Total .....                             |              | 132,200                              | 186,250                     |

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\* 8,350 Horse-Power already installed.

## (2) Remaining portion from River Drainages—(Not within Yellowknife district).

| River                                 | Tributary of | Estimated Capacity<br>in Horse-Power |                             |
|---------------------------------------|--------------|--------------------------------------|-----------------------------|
|                                       |              | at ordinary<br>minimum flow.         | at ordinary<br>6 mos. flow. |
| Slave River—Great Slave Lake.....     |              | 222,500                              | 506,000                     |
| Hay River—Great Slave Lake.....       |              | 5,200                                | 26,000                      |
| Snowdrift River—Great Slave Lake..... |              | 12,000                               | 18,000                      |
| Taltson River—Great Slave Lake.....   |              | 62,970                               | 157,880                     |
| Tazin River—Taltson River.....        |              | 3,760                                | 9,400                       |
| Total .....                           |              | 306,430                              | 717,280                     |

June 8th, 1950.

## Appendix C

SESSIONAL PAPER No. 216A—MONDAY APRIL 14, 1947

Mover: Mr. FRASER, M.P.

QUESTION:—A copy of balance sheet of the Canadair Limited as mentioned in Section C, page 1583, Hansard of March 20, 1947.

The attached information has been received by the Secretary of State of Canada from the Department of Reconstruction and Supply.

ANSWER OF DEPARTMENT OF RECONSTRUCTION AND SUPPLY  
CROWN AIRCRAFT PROJECT AT CARTIERVILLE, P.Q.,  
UNDER MANAGEMENT OF CANADAIR LIMITED

## BALANCE SHEET

As at September 14th, 1946

| Assets  |                 |               |                  |
|---|-----------------|---------------|------------------|
| Cash on hand and in Bank.....                       |                 | \$ 500,236 48 |                  |
| Accounts Receivable .....                           | \$ 2,941,371 09 |               |                  |
| Employees Victory Loan Funds (Contra) ..            | 175,331 14      |               |                  |
| Sundry Prepaid, etc.....                            | 31,220 37       |               |                  |
|   |                 | 3,147,922 70  |                  |
| Inventories:  |                 |               |                  |
| Raw Materials, Work-in-Proces, etc.....             |                 | 9,745,959 84  |                  |
|   |                 |               | \$ 13,394,118 92 |
| *Land Buildings, Plant, Tooling and Equipment ..... | 18,825,777 66   |               |                  |
| Automobile Equipment .....                          | 48,807 49       |               |                  |
|   |                 | 18,874,585 15 |                  |
|   |                 |               | \$ 32,268,704 07 |
| Liabilities   |                 |               |                  |
| Accounts Payable and Accrued:                       |                 |               |                  |
| Receiver General for Duty and Sales Taxes.....      | \$ 661,892 93   |               |                  |
| Employees Victory Loan Funds (Contra).....          | 175,331 14      |               |                  |
| Trade Accounts, Accrued Wages, Etc.....             | 2,167,785 37    |               |                  |
|   |                 |               | \$ 3,005,009 94  |
| Government Advances:                                |                 |               |                  |
| *Capital Assets .....                               | 18,874,585 15   |               |                  |
| Working Capital .....                               | 10,389,108 98   |               |                  |
|   |                 |               | \$ 29,263,694 13 |
|   |                 |               | \$ 32,268,704 07 |

\* In addition, the Government is committed to pay the cost of certain Capital Expenditures, to a maximum of \$3,000,000.00, incurred before March 31st, 1947.

## Appendix D

SESSIONAL PAPER No. 216 B

WEDNESDAY, April 16, 1947

April 15, 1947

On March 26th last in answer to an inquiry from the Honourable Member for Peterborough West, as reported on Page 1807 of *Hansard*, I indicated that I would table certain documents with regard to the sale to Canadair Limited. I now beg to table:

- (a) Letter dated January 20th, 1947 to Electric Boat Company.
- (b) Letter dated March 17th, 1947 to Electric Boat Company.



- (c) Agreement made as of September 15, 1946 between His Majesty the King in Right of Canada (acting through War Assets Corporation) and Canadair Limited.
- (d) Agreement made March 31, 1947 between His Majesty the King in Right of Canada and Canadair Limited.
- (e) Agreement made March 31, 1947 between Canadair Limited and Trans-Canada Air Lines.

File No. 14-8-274-1

OFFICE OF

THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

JANUARY 20th, 1947

ELECTRIC BOAT COMPANY,  
33 Pine Street,  
New York, N.Y.

*Attention; Mr. John J. Hopkins,  
Vice President*

Gentlemen: Following the discussions which have taken place between officers of this Department and your Corporation, with reference to the take-over of the Crown plant and operation at Cartierville, Quebec, I am setting out below a digest of the agreement reached.

1. I understand that your Corporation has arranged to acquire substantially all of the capital stock of Canadair Limited and will retain ownership of at least 90% of such stock. Your Corporation has agreed to provide Canadair Limited with \$2,000,000.00 working capital forthwith. If such working capital or any part thereof is advanced to Canadair Limited by way of loan it shall be an express condition of such loan that the repayment thereof to your Corporation shall not be made unless and until the amounts herein provided to be paid to His Majesty have been paid in full.

2. The Agreement of November 11, 1944, as amended May 1, 1945, between His Majesty and Canadair Limited, shall be deemed to have been terminated as of September 14, 1946, in all respects except in respect of the production of the 44 aircraft and spare parts referred to in Paragraph 5 hereof. The provisions of the said Agreement relating to the payment of fees or profits to Canadair Limited shall be deemed to be cancelled *ab initio* and Canadair Limited shall not have any claim or right to fees or profits whatsoever for the period up to September 14, 1946.

3. The Balance Sheet attached hereto as schedule "A" prepared by Clarkson, Gordon and Company, is accepted by the parties as disclosing the true state of affairs as at September 14, 1946, subject to such adjustment as may be made by mutual consent of the parties to correct minor discrepancies therein. If it is established that there existed any liability undisclosed as at September 14, 1946, which if it had been disclosed at such last mentioned date would have been allowable as "cost" under the Agreement of November 11, 1944, as amended, His Majesty, through War Assets Corporation, shall assume the payment of such liability but the amount to be paid by Canadair Limited for the "Inventories" as provided for by Paragraph 8 hereof shall be increased by 25% of the amount of such liability.

4. His Majesty, through War Assets Corporation (or as the Minister may direct), shall enter into a 15-year lease option with Canadair Limited with respect to the Cartierville Plant, the equipment therein, and any equipment in

the Noorduyn Plant, substantially as digested in Schedule "B" annexed hereto.

The North Star tooling, including the tooling which is part of the so-called Chicago purchase, shall be subject to the lease option.

Canadair Limited shall be entitled, in common with others, to make use of the Cartierville Airport during the term of the lease on the same terms as at present and, if the option is exercised, in perpetuity under such terms and provisions as may then be mutually agreed upon. In any event, His Majesty will continue to cause said Airport to be properly maintained and operated. Arrangements will be made by His Majesty for the use at any time of the Dorval Airport when required by Canadair Limited upon such terms and provisions as may be mutually agreed upon.

Any capital costs incurred or payable after September 14, 1946, not included under "liabilities" on the Balance Sheet attached hereto as Schedule "A", shall be for the account of Canadair Limited and if any part thereof has been paid out of funds provided by His Majesty, the same shall be reimbursed by Canadair Limited to His Majesty.

5. Electric Boat Company shall cause Canadair Limited to be properly managed so that the operations of Canadair Limited will be carried on in an efficient, businesslike and economical manner. His Majesty and Trans-Canada Air Lines Limited, as the case may be, will enter into firm contracts with Canadair Limited for the completion and sale of 44 DC-4M and C-54GM type aircraft (North Star) (20 for Trans-Canada Air Lines Limited and 24 for the Royal Canadian Air Force), and spare parts therefor, for a fixed price for aircraft and spare parts to be negotiated as soon as possible. Such contracts shall contain provisions for progress payments based on the degree of completion of the contracts. Such degree of completion shall in each instance be certified by a duly authorized representative of Trans-Canada Air Lines Limited or of the Royal Canadian Air Force, as the case may be. There will be no provision for termination at the option or convenience of the purchaser and since such contracts will be dated after September 2, 1945, they will not be subject to renegotiation under the provisions of the Department of Reconstruction and Supply Act. Pending the determination of a fixed price for the aircraft and spare parts, or until March 31, 1947, whichever date is the earlier, or until such extended date as I may fix, progress payments shall be made on the estimated total cost incurred by Canadair Limited in respect of the said contracts based upon claims prepared and certified by the proper officers of Canadair Limited, namely, the President and Comptroller, or such other officers as may be satisfactory to me. As at September 14, 1946, the amount so claimable is \$5,859,138.74.

Prior to establishing the fixed price, final specifications shall be furnished to Canadair Limited by Trans-Canada Air Lines Limited and the Royal Canadian Air Force which shall then be frozen as the final specifications for the purpose of establishing a fixed price. No modifications shall be made therein unless simultaneously therewith a written agreement is entered into with respect to the change, if any, in price and time of delivery.

6. His Majesty shall, subject to the prior written approval of Douglas Aircraft Company, Inc., transfer to Canadair Limited the Douglas license (as extended under date of November 19, 1946) and the rights and benefits accruing to His Majesty thereunder, and any and all rights of His Majesty in and to the development of the DC-4M and C-54GM aircraft. Such assignment shall be subject to retransfer to His Majesty in the event of termination of the lease option agreement mentioned in Paragraph 4 prior to the exercise of the option to purchase. To the extent His Majesty shall have already paid royalties to Douglas in respect of aircraft for His Majesty, the price with respect to such aircraft shall be adjusted accordingly. The provisions in the said license waiving the withholding of taxes on payments to Douglas thereunder will be applicable to any payments made by Canadair Limited to Douglas thereunder.

7. So long as the lease option agreement mentioned in Paragraph 4 remains in effect, or if Canadair Limited has exercised its option to purchase thereunder, His Majesty shall, if He proposes to lease or to sell the Noorduyn Plant, give Canadair Limited the first opportunity during a period of not more than 30 days to lease or to purchase the same as the case may be.

8. Canadair Limited shall purchase for cash as shown on Schedule "A" attached hereto:

(a) the current assets (\$3,648,159.08) less the liabilities (\$3,005,009.94) to be assumed by Canadair Limited for \$643,149.14, the payment of \$487,300.00 to be deferred until the item entitled "Income and Excess Profit Taxes Recoverable" has been collected from the Crown; and

(b) the automotive equipment or such part thereof as Canadair Limited may require at prices to be agreed upon with War Assets Corporation, which shall in no event exceed Canadian ceiling prices;

His Majesty shall convey and sell to Canadair Limited and Canadair Limited shall take title to and purchase the "inventories" shown on the said Schedule "A" as amounting to \$9,745,959.84, against which there shall be paid or applied all progress payments (as provided for in Paragraph 5) payable to September 14, 1946, namely \$5,859,138.74; Canadair Limited shall pay the balance of \$3,886,821.10 in quarterly payments beginning June 30, 1947, and ending December 31, 1948, with interest from January 15, 1947, on the unpaid balance from time to time outstanding at the rate of 3½ per cent per annum. Canadair Limited shall have the right to prepay the whole or any part of such balance and such liability shall be evidenced by notes of Canadair Limited.

9. Canadair Limited shall sell to His Majesty or any agent, in reasonable quantities, as required, items of the so-called Oklahoma Inventory at cost plus a reasonable profit to be mutually agreed upon; provided, however, that existing contracts as of the date hereof for the sale of items of such inventory shall not be affected hereby.

10. Canadair Limited shall be deemed to have taken over the operation of the plant as at the close of business on September 14, 1946, and all operations since the said date shall be deemed to be for its account. All outstanding commitments with respect to the operation since the said date shall be assumed by Canadair Limited to the exoneration of His Majesty. All advances made by His Majesty to Canadair Limited since September 14, 1946, shall be repaid or accounted for by Canadair Limited to His Majesty.

11. In connection with this agreement you should be advised:

(a) The North Star type aircraft has been formally accepted by Trans-Canada Air Lines Limited and delivery of at least one aircraft has been completed.

(b) All customs duty liabilities of Canadair Limited as at September 14, 1946, have been settled and Canadair Limited has no liability customs duties as of such date except as shown on the attached Balance Sheet, Schedule "A" hereto.

(c) Steps are being taken to request Parliament to amend the present laws of the Dominion of Canada so as to permit the importation of used aircraft of the transport type for overhaul and conversion.

12. Electric Boat Company undertakes to cause Canadair Limited to pass the necessary resolutions and execute the necessary documents to give effect to the foregoing.

If the foregoing is acceptable, please execute the form of acceptance contained in the enclosed copy hereof and return the same to the undersigned so that this letter will constitute a firm agreement between us. Upon your accept-



ance, title to the inventories, supplies and other assets to be sold to Canadair Limited hereunder shall vest in Canadair Limited and all rights contemplated by this letter shall also forthwith vest in Canadair Limited; the basic documents such as the lease option and contracts for aircraft are to be prepared and executed by the parties as promptly as possible and shall be in confirmation of this agreement.

Very truly yours,

C. D. HOWE,  
*Minister of Reconstruction and Supply.*

ACCEPTED: January 25, 1947, 3.25 p.m.

ELECTRIC BOAT COMPANY

By JOHN JAY HOPKINS,  
*Vice-President.*

We consent to the foregoing  
CANADAIR LIMITED

By B. W. FRANKLIN,  
*President,*

By B. W. FRANKLIN,  
*B. W. Franklin, Individually.*

CERTIFIED RESOLUTION OF THE BOARD OF DIRECTORS  
OF ELECTRIC BOAT COMPANY

The undersigned, Secretary of Electric Boat Company, a New Jersey Corporation, does hereby certify that the following is a true copy of a resolution unanimously adopted by the Board of Directors at a meeting duly held on January 16, 1947 at which a quorum was at all times present and acting, and that the said resolution is in full force and effect:

RESOLVED:

That the proper officers of the Company be and hereby are authorized and directed to take all actions, to execute all documents, and to make all payments necessary to put into effect the proposed agreements with the Government of Canada and Mr. B. W. Franklin with respect to the acquisition of a controlling interest in Canadair Limited, in general accordance with the terms discussed, with such changes and modifications as may be found by them to be necessary or advisable; all in accordance with the advice of counsel as to form and procedure.

Witness my hand and the seal of Electric Boat Company this 23rd day of January, 1947.

Chas. P. HART, *Secretary.*  
CHAS. P. HART

I hereby certify that JOHN J. HOPKINS is one of the proper officers of the Company hereinabove referred to.

HENRY M. MARX.

January 25, 1947.



OFFICE OF  
THE MINISTER OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

MARCH 17th, 1947.

THE ELECTRIC BOAT COMPANY,  
33 Pine Street,  
New York, N.Y.

*Attention: Mr. John J. Hopkins, Vice President.*

Gentlemen: With reference to my letter to you dated January 20th, 1947, dealing with the take-over of the Crown plant and operations at Cartierville, Quebec, and in accordance with discussions between representatives of this Department and your Company, I am setting out below a *digest of the agreement* reached supplementing or amending the aforesaid letter agreement:

1. His Majesty will pay all costs properly incurred by Canadair Limited in respect of tooling for the North Star type aircraft from September 14th, 1946, to March 31st, 1947, up to but not exceeding \$3,000,000.00. His Majesty will make accountable advances against the cost of such tooling upon presentation of a claim showing the costs incurred in respect thereof, executed by its President and Internal Auditor. Canadair Limited shall as soon as possible after March 31st, 1947, present a final claim executed as aforesaid showing the actual costs incurred in respect of such tooling, which shall be subject to such verification and audit as the undersigned may deem advisable. The amount so payable for such costs shall be adjusted, determined and finally settled in accordance with the said final claim as verified or audited. The title to all such tooling shall vest in His Majesty, and shall be included in the Lease Option referred to in the said letter agreement, but the provisions providing for the lease option shall be amended so as to provide for an option price at a present *basic value* of \$4,000,000.00 and an annual rental of \$200,000.00. Annexed hereto as Schedule "A" is a breakdown of the said basic value and a schedule of the option price as the same shall be reduced per year.

2. His Majesty will forthwith pay over to Canadair Limited the amount of royalties payable to Douglas Aircraft Company Inc. in respect of the 44 North Star Aircraft being produced by Canadair Limited (less the amounts heretofore paid directly by His Majesty to Douglas Aircraft Company Inc. in respect of royalties) namely, the sum of \$840,000.00, U.S. funds. Canadair Limited shall deduct from the said sum the sum of \$110,000.00, being the amount of royalties recently paid by Canadair Limited to Douglas Aircraft Company Inc., and Canadair Limited shall deposit the balance of the said moneys, namely \$730,000.00, in a special account in a chartered bank in Canada so that the said moneys will be held in escrow for the sole purpose of paying to Douglas Aircraft Company Inc. the royalties payable in respect of the 44 aircraft as the same become due. Canadair Limited shall release such royalties in such amounts and at such times as the same may from time to time be due to Douglas Aircraft Company Inc., and if for any reason whatsoever the whole of the said moneys

is not paid to Douglas Aircraft Company Inc. in respect of such aircraft then the balance remaining in such account shall be dealt with in such manner as His Majesty may direct.

3. The fixed price for the North Star type aircraft has been established as follows:

|                                  |              |              |
|----------------------------------|--------------|--------------|
| DC-4M2 .....                     | \$660,000.00 | per aircraft |
| C-54GM .....                     | \$630,000.00 | " "          |
| Sales Tax, if any, extra. "H.M." |              |              |

The said prices for such aircraft are based upon the design and specifications as at February 17, 1947, as agreed to by Trans Canada Air Lines and the Royal Canadian Air Force, respectively, and any changes therein ordered or made in the aircraft as so specified shall be the subject of change orders.

If the foregoing is acceptable, please execute the form of acceptance contained in the enclosed copy hereof and return same to the undersigned, so that this letter will constitute an agreement between us.

Yours sincerely,

C. D. HOWE.

ACCEPTED, March 18, 1947.

ELECTRIC BOAT COMPANY

By JOHN J. HOPKINS,  
*Vice-President.*

We agree to the foregoing:  
CANADAIR LIMITED

By ?  
*President.*

I hereby certify that the within is a true copy of an Original Letter dated March 17th, 1947 to The Electric Boat Company, signed by the Minister of the Department of Reconstruction and Supply.

"M.F."

"I. McDONALD"  
*Supervisor of Dittoed Contracts,  
Main Pool.*

#### SCHEDULE "A"

##### Basic Value

|   |                |
|---|----------------|
| Land .....                                      | \$ 47,000.00   |
| Buildings .....                                 | 2,162,129.00   |
| Leased Equipment (Except special tooling) ..... | 1,790,870.00   |
| Special Tooling .....                           | 1.00           |
|   | <hr/>          |
|   | \$4,000,000.00 |
|   | <hr/>          |

## SCHEDULE "B"

*Option Price*

|                    |       |                |
|--------------------|-------|----------------|
| September 15, 1946 | ..... | \$4,000,000.00 |
| " " 1947           | ..... | 3,920,000.00   |
| " " 1948           | ..... | 3,837,600.00   |
| " " 1949           | ..... | 3,752,728.00   |
| " " 1950           | ..... | 3,665,310.00   |
| " " 1951           | ..... | 3,575,269.00   |
| " " 1952           | ..... | 3,482,527.00   |
| " " 1953           | ..... | 3,387,003.00   |
| " " 1954           | ..... | 3,288,613.00   |
| " " 1955           | ..... | 3,187,272.00   |
| " " 1956           | ..... | 3,028,890.00   |
| " " 1957           | ..... | 2,974,377.00   |
| " " 1958           | ..... | 2,863,608.00   |
| " " 1959           | ..... | 2,749,516.00   |
| " " 1960           | ..... | 2,632,001.00   |

File 14-C-274-1

P.C. 242-47

This Agreement made as of the 15th day of September, 1946.

Between: His Majesty the King in Right of Canada (hereinafter called "His Majesty") herein represented by the Honourable the Minister of Reconstruction and Supply (hereinafter called "the Minister") herein acting through War Assets Corporation (hereinafter called "the Corporation") of the first part; and Canadair Limited, a corporation organized and existing under the laws of the Dominion of Canada with its principal place of business in the Parish of St. Laurent, Province of Quebec (hereinafter called "Canadair") of the second part.

Whereas His Majesty is the owner of certain lands, buildings, machinery, jigs, dies, gauges, tools, furnishings, fixtures and equipment constituting an aircraft manufacturing plant (hereinafter called "the plant") located in the Parish of St. Laurent, in the Province of Quebec and is the owner of an airport adjacent thereto known at the "Cartierville Airport";

And Whereas Canadair until September 14, 1946, has heretofore operated the plant for and on behalf of His Majesty as His agent, at His expense, under His supervision and under His control;

And Whereas His Majesty has agreed to grant to Canadair a lease of and option to purchase the said lands, buildings, machinery, jigs, dies, gauges, tools, furnishings, fixtures and equipment, including all jigs, tools, dies, gauges, expendable small tools, and fixtures manufactured or otherwise acquired for the production of North Star aircraft;

And Whereas His Majesty was the holder of a licence to manufacture and sell airplanes and spare parts under an agreement made as of the 12th day of November, 1946, between His Majesty and Douglas Aircraft Company, Inc., of Santa Monica, California (hereinafter called "Douglas"), as amended by letter dated November 19, 1946, from Douglas to the Minister approved by the Minister under date of December 7, 1946 (hereinafter called the "Douglas contract"), which Douglas Contract has been assigned by His Majesty to Canadair, with the consent of Douglas.



Now, Therefore, these presents witnesseth:

That the parties covenant and agree as follows:

*1. Leased Premises.*

His Majesty hereby leases unto Canadair the following and Canadair accepts such lease:

- (a) The land forming part of the plant to be set forth in the description and outlined in a sketch plan to be signed by the parties hereto and identified as forming part of this agreement and which shall be attached hereto as Schedule "A" to form part hereof (the said land being hereinafter called "the land");
- (b) The buildings erected and presently situated on the said land, together with all things immovable attached thereto or forming part thereof for a permanency (all of which are hereinafter collectively called "the buildings");
- (c) All of the machinery, furnishings, fixtures and equipment located at the plant and the Noorduyn Plant so-called presently held under lease by Canadair, to be listed in an inventory which shall be signed by the parties hereto and identified as forming part of this agreement and which shall be attached hereto as Schedule "B" to form part hereof, and also all jigs, tools, dies, gauges and expendable small tools (except the special tooling to which reference is made in paragraph (d) of this Section 1) located at the plant and at the Noorduyn plant (hereinafter collectively called "the leased equipment");
- (d) All jigs, tools, dies, gauges and fixtures manufactured or otherwise acquired up to March 31, 1947, for the manufacture of North Star aircraft (hereinafter called "the special tooling");

All of which lands, buildings, leased equipment and special tooling are hereinafter sometimes collectively called "the leased premises".

*2. Term.*

The terms of the lease shall be 15 years from the 15th day of September, 1946, until September 14, 1961, unless terminated by His Majesty as hereinafter provided.

*3. Rent.*

- (a) Canadair shall pay to His Majesty (the Corporation being hereby designated until further notice as the agent of His Majesty to receive payment) an annual rent of \$200,000.00 payable in equal monthly instalments of \$16,666.66 in advance, all of such instalments unpaid from the 15th day of September, 1946, to the date of execution of this lease option to become due and payable concurrently with the execution hereof and each future instalment to become due and payable on the 15th of each month in advance;
- (b) The rent shall be deemed to accrue from day to day;
- (c) Canadair's obligation to pay the rent herein stipulated shall not be subject to abatement of diminution by virtue of loss of or damage to the leased premises or any part thereof.

*4. Maintenance and Repair.*

- (a) Canadair agrees to accept the leased premises in their present condition and, unless the option to purchase for which provision is hereinafter contained be exercised, agrees, subject to the next following sentence, to deliver up the buildings and leased equipment to His Majesty to the

termination of the lease, in as good condition as the same were at the commencement of the lease. Canadair shall return the plant in as good operating condition as at the commencement of the lease, substantially with the same productive capacity as at the commencement of the lease, and for that purpose shall make such replacement or substitution of machines, machine tools and equipment which have become worn out or obsolete as may be necessary to retain such productive capacity.

- (b) Unless and until the option to purchase for which provision is herein-after made be exercised, Canadair shall at all times during the term of the lease, at its own expense, maintain the buildings and leased equipment in proper order and condition and shall make thereto such repairs, (whether lessor's repairs or lessee's repairs) and replacements as may from time to time be necessary for such purpose.
- (c) It is further understood that title to repairs, replacements or substitution expressly made to retain the productive capacity as aforesaid shall vest in His Majesty as part of the leased premises but that title to all other acquisitions, purchases and substitutions shall vest in Canadair.
- (d) Canadair may make such additions, alterations and changes as it may desire in the leased premises provided that no alteration of a substantial nature in the buildings shall be made without prior approval of the Minister; Canadair shall not be required to render a detailed accounting of the special tooling but shall deal with it in bulk. Canadair for its more efficient operation shall be entitled to alter the form of such special tooling and to make any and all changes, revisions and alterations whatsoever in the form and nature thereof without any accounting to or approval by His Majesty, and shall only be under the obligation at the termination of the lease to deliver to His Majesty the special tooling in whatsoever form, shape or condition it may then be. Canadair if it desires at any time or from time to time to dispose of any portion or portions of the special tooling may declare the same as surplus to its requirements and shall thereafter be released from any responsibility with respect to such portion or portions so declared surplus.
- (e) Subject to the foregoing His Majesty hereby waives the presumption set forth in Section 1629 of the Civil Code of Lower Canada.
- (f) His Majesty and His duly authorized representative shall have the right, at all reasonable times, to enter the leased premises for the purpose of inspecting the same.
- (g) His Majesty agrees to subrogate and make available to Canadair any and all the rights and claims which His Majesty now has or may hereafter have against the architects and builders of the buildings on the leased premises (either directly or indirectly or by assignment from Canadian Vickers Limited) in respect of defects arising out of the designs, plans, specifications, workmanship, materials or construction thereof.
- (h) Canadair shall be entitled in replacing or substituting any of the leased equipment in accordance with its obligation hereunto, to trade in and take credit for the trade in allowance for the leased equipment being replaced or substituted.

#### 5. Insurance.

- (a) Unless and until the option to purchase for which provision is herein-after contained be exercised, Canadair shall at all times, at its own expense, cause the buildings and leased equipment to be insured and to do all things necessary to keep the same insured against risks usually

covered under a standard fire insurance policy bearing as an endorsement the standard supplemental contract approved by the Canadian Underwriters Association to a minimum aggregate amount at all pertinent times of the basic value of the buildings and leased equipment as set out in Section 7 hereof;

- (b) Canadair shall also, at its own expense, carry boiler insurance on any pressure vessels in or about the plant having a pressure of 15 lbs. or more per square inch. Such boiler insurance shall be effected with an Insurance Company providing a good inspection service, and shall cover such risks and limits as are now in effect in respect of pressure vessels in the plant;
- (c) The proceeds of such insurance shall be made payable to His Majesty and Canadair as their interests may appear and Canadair shall from time to time, upon request, furnish to His Majesty copies of the relevant insurance policies and renewal certificates evidencing the fact that such insurance is in effect;
- (d) Should Canadair fail to insure as required in this Section 5, His Majesty may insure and charge the cost thereof to Canadair, which Canadair undertakes and agrees to pay to His Majesty upon demand;
- (e) Any and all amounts which may from time to time become payable by the insurers to His Majesty and Canadair under such policies by reason of damage to the buildings or the leased equipment shall, notwithstanding any other provisions to the contrary herein contained and failing any other arrangements between the parties hereto, be applied towards remedying any damage to the buildings or the leased equipment by reason of which such amount so became payable under such insurance policies and when such repairs have been effected, the repaired buildings and leased equipment shall continue to be the property of His Majesty provided, however, that if after the occurrence of any such damage and prior to the remedying thereof, the option to purchase for which provision is hereinafter contained be exercised, any proceeds of such policies otherwise paid or payable to His Majesty shall be paid by His Majesty or assigned by His Majesty as the case may be to Canadair and provided further that any insurance proceeds not required to effect the repairs as aforesaid shall belong to Canadair.

#### 6. *Canadair to Pay Taxes.*

Canadair shall pay all municipal and school taxes and other rates and charges which may from time to time be levied upon the leased premises or any part thereof with respect to the use and occupancy thereof by Canadair.

#### 7. *Basic Value of Leased Premises.*

The basic value of the leased premises as at September 14, 1946, is \$4,000,000.00, apportioned as follows:

|  |                |
|--|----------------|
| (a) Land .....                                   | \$ 47,000.00   |
| (b) Buildings .....                              | 2,162,129.00   |
| (c) Leased Equipment, except special tooling ... | 1,790,870.00   |
| (d) Special tooling .....                        | 1.00           |
|  | <hr/>          |
|  | \$4,000,000.00 |

The basic value of the leased premises shall be successively reduced on the 15th day of September, 1947, and on the 15th day of September in each subsequent year during the term hereof to the respective amounts specified as the option price in Section 9 hereof.



### 8. *Use of Runways and Airfield.*

- (a) Canadair shall at all times during the term of the lease be entitled in common with others to make use of the runways and airfield adjacent to the plant and forming part of the property of His Majesty presently known as the Cartierville Airport for the purpose of test flying or flying incidental to the operation of the plant in the manufacture or repair of aircraft upon terms similar to those presently in effect. His Majesty will cause such Airport to be properly maintained and operated;
- (b) Should Canadair exercise the option to purchase for which provision is made in Section 9 thereof, Canadair shall be entitled in common with others to make use of the Cartierville Airport for ninety-nine years upon such terms as shall then be mutually agreed upon by the parties.
- (c) His Majesty will arrange for the use, at any time and from time to time when required by Canadair, of The Dorval Airport upon such terms as may be mutually agreed upon between the parties.

### 9. *Option to Purchase Leased Premises.*

- (a) His Majesty hereby gives and grants unto Canadair irrevocably the sole and exclusive right and option, at any time during the term of the lease, to purchase the leased premises as they then exist in whole but not in part for a price in cash as follows during the fiscal years commencing with the following dates:

|                          |                |
|--------------------------|----------------|
| September 15, 1946 ..... | \$4,000,000.00 |
| " 15, 1947 .....         | 3,920,000.00   |
| " 15, 1948 .....         | 3,837,600.00   |
| " 15, 1949 .....         | 3,752,728.00   |
| " 15, 1950 .....         | 3,665,310.00   |
| " 15, 1951 .....         | 3,575,269.00   |
| " 15, 1952 .....         | 3,482,527.00   |
| " 15, 1953 .....         | 3,387,003.00   |
| " 15, 1954 .....         | 3,288,613.00   |
| " 15, 1955 .....         | 3,187,272.00   |
| " 15, 1956 .....         | 3,082,890.00   |
| " 15, 1957 .....         | 2,974,377.00   |
| " 15, 1958 .....         | 2,863,608.00   |
| " 15, 1959 .....         | 2,749,516.00   |
| " 15, 1960 .....         | 2,632,001.00   |

- (b) Canadair shall exercise the option to purchase herein granted by registered mail written notice to his Majesty and shall make payment in full of the option price against receipt of proper documents transferring title to the leased premises, free and clear of any and all liens and encumbrances. All rent shall cease to accrue or become payable hereunder on the date of the mailing of such notice and an adjustment shall be made in the purchase price for any prepaid rent.
- (c) His Majesty represents and warrants that He is the owner of good and marketable title to the leased premises, free and clear of any and all liens and encumbrances.

### 10. *Default and Right to Terminate.*

Without prejudice to any other right which His Majesty may have, in the event of any default on the part of Canadair to fulfill and perform each and

every one of its obligations under this lease as and when they become due and that any such default continues for a period of 60 days, then His Majesty may thereafter notify Canadair in writing of such default and in the event of the failure of Canadair to remedy any such default within 30 days from the date of the receipt of such written notice by Canadair from His Majesty, His Majesty may by notice in writing and without any other formality whatsoever terminate the lease and Canadair shall thereupon deliver up and surrender possession of the leased premises to His Majesty and pay to His Majesty the total aggregate amount of the rent theretofore accrued and remaining unpaid, if any, and fulfill and perform any and all other obligations theretofore accrued and remaining outstanding.

11. *Rights in Connection with North Star Aircraft.*

- (a) His Majesty hereby assigns exclusively to Canadair for the term of the lease, or if the option to purchase is exercised, His Majesty hereby assigns exclusively to Canadair, forever, all of His right, title and interest in and to the development, engineering, licenses, patents, patentable inventions and all other matters pertaining to or in connection with the North Star type aircraft, also known as the DC-4M and C54GM, as developed by His Majesty and Canadair, and Canadair, in the event it exercises the option to purchase, shall be entitled to retain as its exclusive property all drawings, blueprints, plans, sketches and other material in connection with such aircraft and to patent in its own name and right all patentable elements thereof.
- (b) His Majesty having, prior to the execution hereof, assigned to Canadair the Douglas contract, in the event that the option to purchase is not exercised, Canadair shall, upon the expiration of the term of the lease, reassign the Douglas contract to His Majesty upon the condition that His Majesty shall assume and agree to satisfy and discharge all of the obligations of Canadair thereafter accruing under the Douglas Contract, the whole subject to such consent of Douglas Aircraft Company, Inc., as may be required in accordance with the Douglas Contract.

12. *Right of His Majesty to Purchase Capital Additions.*

In the event that Canadair does not exercise the option to purchase, Canadair shall upon the expiration of the term of the lease or any renewal hereof give to His Majesty the first opportunity to purchase any capital additions to the leased premises made and owned by Canadair.

13. *Lease or Sale of Noorduyt Plant.*

In the event that His Majesty proposes to lease or sell the Noorduyt plant so called (presently under lease to Canadair,) His Majesty shall, so long as this lease remains in effect or if Canadair has exercised its option to purchase, give to Canadair the first opportunity, during the period of not more than 30 days after written notice to Canadair, to lease or purchase (as the case may be) such Noorduyt plant.

14. *Water Mains. Sewers. Sidings.*

In the event that Canadair shall exercise its option to purchase, His Majesty shall assign and transfer to Canadair any right which His Majesty then may have in and to any water mains, sewers, railway sidings or other similar or related services, servicing the plant.

### 15. *Accounts.*

Canadair shall keep proper accounts and records satisfactory to the Minister reasonably required for or incidental to this agreement. Such accounts and records shall at all reasonable times be open to audit and inspection by the authorized representatives of the Minister (who may make copies thereof and take extracts therefrom) and Canadair shall afford all reasonable facilities for such audits and inspections and shall furnish to the Minister and his authorized representatives with all such reasonable information as he or they may from time to time require with reference to such accounts and records.

### 16. *Releases or Surplus Items.*

Canadair shall be entitled at any time or from time to time to declare as surplus to its requirements any item or items of the leased premises, provided, however, that such declaration shall not affect the option price or the rent provided for hereunder or the obligations of Canadair under Section 4 hereof. Canadair after fourteen days' written notice to the Corporation shall no longer be responsible in any manner for the items declared as surplus including any obligation for the care, maintenance, insurance or accounting with respect thereto, and the Corporation shall promptly remove the same from the leased premises or make such arrangements with Canadair with respect thereto as may be mutually agreed upon.

### 17. *Notices.*

Any notices to be given hereunder to His Majesty or the Minister shall be in writing sent by registered mail, return receipt requested, and shall be addressed to War Assets Corporation at P.O. Box 6099, Montreal, Quebec.

Any notices to be given hereunder to Canadair shall be in writing sent by registered mail, return receipt requested, and shall be addressed to Canadair Limited, P.O. Box 6087, Montreal, Quebec.

Except as herein expressly stated to the contrary, any notice to be given hereunder shall be deemed given when received.

Either party may by written notice to the other party change the name or address to which notices hereunder may be sent.

### 18. *House of Commons Clause.*

No member of the House of Commons of Canada shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

### 19. *Assignment.*

This agreement shall not be assignable in whole or in part by Canadair without the prior written approval of the Minister in writing.

### 20. *Further Documents and Assurances.*

The parties agree to execute and deliver any and all further documents and assurances necessary to effectuate this Agreement.

### 21. *Laws.*

This agreement shall in all respects be subject to and interpreted in accordance with the laws of the Province of Quebec.

### 22. *Negotiations Superseded.*

All previous communications, negotiations and agreements with respect to the subject matter hereof are hereby superseded and cancelled.



In Witness Whereof this agreement has been executed on behalf of His Majesty the King in Right of Canada by War Assets Corporation under its corporate seal and the hands of its duly authorized officers, and by Canadair Limited under its corporate seal and the hands of its duly authorized officers.

Signed, Sealed and Delivered in manner aforesaid on behalf of His Majesty the King in Right of Canada in the presence of:

G. W. MACDONALD,  
*Witness.*

WAR ASSETS CORPORATION

J. H. BERRY,  
*President.*  
*Assistant Secretary.* C/S

Signed, Sealed and Delivered in the presence of:

HENRY M. MARK,  
*Witness.*

CANADAIR LIMITED

*President.*  
*Secretary.* C/S

I hereby certify that the within is a true copy of an original Agreement dated the 15th day of September, 1946, made between His Majesty The King in right of Canada and Canadair Limited.

I. McDONALD  
*Supervisor of Dittoed Contracts*  
*Main Pool*

File No. 14-C.274-1

This Agreement made the 31st day of March, 1947; Between: His Majesty The King in Right of Canada (hereinafter called "His Majesty") herein acting and represented by the Right Honourable The Minister of Reconstruction and Supply of Canada (hereinafter called "the Minister") of the first part and Canadair Limited, a corporation organized and existing under the laws of the Dominion of Canada with its head office and principal place of business in the Parish of St. Laurent, Province of Quebec, Canada (hereinafter called "Canadair") of the second part. Witnesseth that:

#### ARTICLE 1. *Contract Documents and Interpretation*

1. The specifications referred to in Article 2 hereof shall be read herewith and shall be applicable to and form part of this Agreement, subject as herein expressly provided. In the event of any inconsistency, the provisions of this Agreement shall prevail over the specifications.

2. The term "Inspector" as used herein means Chief Aeronautical Inspector, Department of National Defence, and shall extend to any of the officers or representatives of the Department of National Defence acting under instructions of the said Chief Aeronautical Inspector; provided that until acted upon all instructions and directions or certificates given or decisions made by anyone acting for the said Chief Aeronautical Inspector shall be subject to his approval, and prior to such approval may be cancelled, altered, modified and changed as the said Chief Aeronautical Inspector may see fit.

## ARTICLE 2.

Canadair shall manufacture, sell and deliver to His Majesty, free from all claims, liens, charges and encumbrances and His Majesty shall purchase from Canadair the following:

- (a) Twenty-three (23) North Star C-54GM Douglas type Aircraft (hereinafter called "aircraft"), in accordance with the detail specification dated February 17, 1947, entitled "Department of National Defence Specification, Air-19-3, Issue 3 (hereinafter called "Detail Specification");
- (b) Spare parts for the aircraft on the following basis, namely:  
On or before the 31st day of May, 1947, Canadair shall furnish, to His Majesty, a list of items for the aircraft recommended for purchase as spare parts, setting forth a general description of each item and the price thereof. His Majesty shall co-operate with and assist Canadair in the preparation of such list and as soon as practicable thereafter, but in any event not later than thirty (30) days after the receipt by His Majesty of such list, His Majesty shall place an order for such spare parts as He desires to purchase.

ARTICLE 3. *Delivery of Aircraft*

(a) Each aircraft shall be delivered to His Majesty, assembled complete, airworthy in every respect, and ready for flight, at the airport adjacent to Canadair's plant in the Parish of St. Laurent, Province of Quebec, Canada. The aircraft shall be serviced for delivery with a minimum of 400 gallons of gasoline and adequately supplied with oil, coolant and alcohol. The aircraft shall be delivered as follows:—

1. His Majesty acknowledges that he has already received, or is about to receive, delivery of six (6) of the aircraft, such aircraft having been delivered, or being about to be delivered to Trans-Canada Air Lines pursuant to the direction and consent of His Majesty as follows:

*Registration Number*

|    |   |     |
|----|---|-----|
| CF | — | TEM |
| CF | — | TEO |
| CF | — | TEP |
| CF | — | TEQ |
| CF | — | TEK |
| CF | — | TEL |

His Majesty acknowledges such aircraft as aircraft covered hereby. Canadair shall provide His Majesty with a detailed description of the deviations made by Canadair in the said aircraft at the time of delivery from the Detail Specification.

2. The remaining seventeen (17) aircraft shall be delivered during the year 1947.

(b) Each of the spare parts shall be delivered to His Majesty f.o.b. Canadair's plant in the Parish of St. Laurent, Province of Quebec, with cost of transportation, preparation for shipment and crating to be paid by His Majesty from Canadair's plant, or as to purchase parts, if any, from the point of purchase.

#### ARTICLE 4. *Price of Aircraft*

His Majesty agrees to pay to Canadair for each of the said aircraft manufactured, delivered and accepted in accordance with the provisions of this Agreement, upon acceptance thereof by His Majesty, the sum of six Hundred and Thirty Thousand Dollars (\$630,000.00) plus any Dominion of Canada Sales Tax payable by Canadair in respect of the sale of the said aircraft to His Majesty.

#### ARTICLE 5. *Price of Spare Parts*

The price of each spare part shall be reasonable.

#### ARTICLE 6. *Progress Payments*

1. Canadair acknowledges having received progress payments on account of the price of the aircraft, and agrees to credit the price of each aircraft with the appropriate proportion of such progress payments.

#### 2. *Spare Parts*

Each spare part shall be billed by Canadair upon acceptance and shall be paid for by His Majesty promptly.

#### ARTICLE 7. *Acceptance*

Final acceptance by the Inspector of any of the aircraft and spare parts shall be deemed to be delivery of and acceptance by His Majesty of the aircraft and spare parts so accepted and such final acceptance by the Inspector shall be a condition precedent to delivery hereunder. His Majesty shall accept the aircraft with due diligence.

#### ARTICLE 8. *Warranty*

Notwithstanding prior acceptance of the aircraft and spare parts by the Inspector, Canadair shall at its own expense repair or replace any of the aircraft or spare parts or any part or parts thereof (not including any Government-furnished equipment) which at any time within three months from delivery thereof (and provided that the same are returned to Canadair's plant) become defective as a result of faulty or inefficient manufacture, materials or workmanship except purchased equipment which is provided for in Article 10. It is expressly agreed that Canadair shall in no event be liable to consequential damages.

#### ARTICLE 9. *Indemnity Against Patent Infringement*

(a) Canadair hereby agrees to indemnify, protect and save harmless His Majesty against all claims, demands, proceedings, suits and actions and all liabilities, expenses, recoveries and cost (excluding any damages, costs, expenses, liabilities and loss of profits in respect and as a result of loss of use) resulting from any actual or alleged infringement of any one or more letters patent or applications for letters patent issued or to be issued under the laws of the Dominion of Canada, but no other patent or rights; provided, however, that the foregoing agreement by Canadair to indemnify, protect and save harmless His Majesty shall not apply to accessories, equipment or parts which are not manufactured by Canadair or pursuant to Canadair's detailed design, or which are incorporated in such aircraft at His Majesty's request in place of or in addition to those proposed by Canadair, or which are furnished by His Majesty;



(b) Canadair's liability hereunder with respect to any actual or alleged infringement is conditioned upon commencement of suit against His Majesty or His Majesty's receipt of a written charge of such infringement, and upon notice by His Majesty to Canadair not later than ten (10) days after the receipt by His Majesty of actual notice of the institution of such suit, or twenty (20) days after its receipt of such written charge, as the case may be. Canadair shall have the option at any time to conduct negotiations with the party or parties charging infringement and may intervene in such suit commenced. Whether or not Canadair intervenes in any suit brought for the infringement of letters patent, it shall be entitled at any stage of the proceeding to assume, conduct or control the defence thereof without prejudice to the position and rights of His Majesty and other indemnifiers of His Majesty;

(c) Canadair's liability hereunder with respect to any actual or alleged infringement is also conditioned upon His Majesty promptly furnishing to Canadair all the data, papers, records and other assistance within His Majesty's control, material to resistance or defence against any such claim or suit for infringement, and (except as to amounts payable under a judgment) upon Canadair's prior approval of His Majesty's payment or assumption of any expenses, damages, cost or royalties for which Canadair is asked to respond.

#### ARTICLE 10. *Indemnity Against Infringement and Warranties from Other Manufacturers*

Canadair shall make reasonable efforts to obtain from licensors and from the manufacturers of accessories, equipment and parts installed on aircraft hereunder, but not embraced within Canadair's warranty, an indemnification against patent infringement, reasonably adequate warranties and agreements of indemnification against patent infringement running to His Majesty either specifically or as a purchaser from Canadair of aircraft upon which such accessories, equipment and parts are installed. Insofar as reasonably practicable, Canadair shall advise His Majesty, upon the latter's request, as to the character and extent of protection afforded His Majesty by such warranties and agreements of indemnity.

#### ARTICLE 11. *Excusable Delay*

Time shall be deemed to be material and of the essence of the contract; provided that if conditions or events in the nature of *force majeure* or any other cause reasonably beyond the control of Canadair shall delay the completion and production for inspection of any of the aircraft or spare parts the time hereby fixed for so completing and producing the aircraft or spare parts in respect of which such delay shall have occurred shall be extended by a period of time equal to the length of the delay so caused. Provided that the right of Canadair to any such extension shall be conditional upon Canadair having given prompt written notice to the Minister of the occurrence causing the delay. Without in any way limiting the generality of the foregoing it is understood and agreed that delays in transit in the delivery of materials or parts on the part of transportation companies, delays in the delivery of any items comprised in any Government-furnished equipment to be supplied by His Majesty in accordance with the provisions of the contract, delays resulting from any laws or regulations (whether Canadian or otherwise) delays not resulting from the negligence of Canadair in the delivery of materials required for the work and delays caused by strikes or sabotage or time occupied in obtaining any approval by the Minister or the Inspector required under the contract shall be regarded as cause beyond the control of Canadair within the meaning of this clause and the time hereby fixed for completing and

producing the aircraft and spare parts in respect of which such delays shall have occurred shall be extended by a period of time equal to the length of such delay.

#### ARTICLE 12. *Change Orders*

The Detail Specification and the other terms and conditions of this Agreement may be amended from time to time by Change Orders in writing, which shall set forth in detail (1) the particular specifications involved (2) the terms or conditions involved, (3) the changes to be made therein, (4) the effect, if any, of such changes on design, performance, weight, balance, time of delivery, (5) the change, if any, in the foregoing, (6) the change in basic price of the aircraft, and (7) such other details as are necessary or advisable. Change Orders shall not be binding on either party unless in writing and until executed by Canadair and His Majesty; upon being so executed, Change Orders shall constitute amendments to this Agreement.

#### ARTICLE 13. *Government-Furnished Equipment*

(a) His Majesty shall furnish to Canadair at times to be designated reasonably in advance by Canadair, and Canadair shall without additional charge make appropriate provisions for the installation of, and shall install as provided in the Detail Specification, the equipment (hereinafter called "Government-furnished equipment") specified in the Detail Specification to be furnished by His Majesty;

(b) Any delay in furnishing the Government-furnished equipment to the extent that such delay shall in turn delay the performance of any act to be performed hereunder by Canadair, extend the date by which such act is to be performed by Canadair hereunder; provided, however, that notwithstanding anything herein to the contrary if any aircraft is ready for delivery except for the installation of such Government-furnished equipment and the delivery of such Government-furnished equipment is delayed for an unreasonable time, Canadair shall, if His Majesty does not make arrangement for the storage of such aircraft, be entitled to receive from His Majesty its costs in maintaining such aircraft until the Government-furnished equipment is delivered.

#### ARTICLE 14. *Services. Instructions and Data.*

(a) Canadair shall from time to time against purchase orders received from His Majesty, furnish to His Majesty at Canadair's standard charges, which shall be reasonable, copies of all drawings used by Canadair in the construction of the aircraft purchased hereunder, to the extent that such drawings are not included in other documents furnished pursuant to the Detail Specification;

(b) None of the data described in this Article 14 or furnished pursuant to the Detail Specification shall be reproduced by His Majesty. Unless Canadair's written consent is first obtained, none of the data or information described in this Article 14, or furnished pursuant to the Detail Specification, nor any copies or duplicates thereof, shall be permitted out of His Majesty's possession, nor shall the contents thereof be divulged to any other person, firm or corporation, except for the purpose of enabling His Majesty to make, subsequent to delivery, any installation or alteration in any aircraft delivered hereunder.

#### ARTICLE 15. *Demonstration and Test Flights.*

(a) Test flights, as provided in the Detail Specification, shall be conducted as soon as practicable, upon completion of the respective aircraft and prior to delivery thereof, and His Majesty shall be given reasonable advance notice of the time and place of such test flights. Canadair shall have complete control of

such test flights conducted hereunder, bear all costs and expenses incident thereto, and fully protect and indemnify His Majesty against all liability on account of injuries to or deaths of persons and damage to or destruction of property arising out of or in connection with the operation of the respective aircraft during all such flights prior to delivery, except liability on account of injuries to or deaths of His Majesty's representatives occurring during any such test flight. His Majesty shall fully protect and indemnify Canadair against all liability on account of injuries to or deaths of His Majesty's representatives during each such test flight;

(b) In the event that any aircraft to be purchased hereunder shall be destroyed in the course of any such test flight, at the option of Canadair, exercisable by written notice to His Majesty within fifteen (15) days after such destruction, the number of aircraft subject to this Agreement shall correspondingly be reduced and the obligation of Canadair and His Majesty to sell and to purchase respectively such aircraft so destroyed shall be cancelled, and Canadair shall return to His Majesty any payments made on account of such aircraft.

ARTICLE 16. *Title to Property and Risks.*

(a) *Aircraft.*—Upon any payment being made to Canadair in respect of on account of the work in process and/or materials acquired by Canadair for the manufacture of the aircraft, either by way of progress payments or accountable advances or otherwise, then title in and to such materials and/or such work in process shall vest and remain in His Majesty, both before and after completion of the aircraft. Risk of loss of or damage to each aircraft shall pass from Canadair to His Majesty upon acceptance thereof;

(b) *Spare Parts.*—Title to and risk of loss of or damage to each spare part shall pass from Canadair to His Majesty upon delivery thereof to His Majesty or to a common carrier for shipment to His Majesty.

ARTICLE 17. *Restrictions on Sale or Transfer.*

His Majesty shall not, as to any aircraft which has not been operated for 5,000 hours or 24 months whichever is the lesser, without the prior written consent of Canadair, resell, lease, or otherwise transfer any aircraft or agree so to do. His Majesty represents that the aircraft are being purchased for military purposes.

ARTICLE 18. *Access to and Tests of the Work.*

(a) The Minister and the Inspector shall have access at all times to the work and to the plant and premises where any part of the work is being carried on and may make such tests of the work and of the aircraft and of parts, materials and/or work in process as the Minister or the Inspector may think fit. Canadair shall provide all assistance and facilities, test pieces and samples which the Minister or the Inspector may require for the carrying out of any such tests as aforesaid, and shall also provide the Minister or the Inspector with all assistance and facilities which they may require for the exercise of the other rights and powers conferred upon them hereunder;

(b) His Majesty shall fully protect and indemnify Canadair against any and all liabilities on account of claim of representatives of His Majesty against Canadair arising out of any injuries or other matters occurring in connection with their presence at Canadair's plant.

ARTICLE 19. *Assignments.*

This Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and assigns, but it may not be voluntarily assigned, in whole or in part, by either party without prior written consent of the other party.



ARTICLE 20. *Members of Parliament.*

No member of the House of Commons of Canada shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

ARTICLE 21. *Notices.*

Any notice by either party to this Agreement to the other shall be sufficiently given if sent by registered letter or telegram, with postage prepaid or charges prepaid as the case may be, addressed as follows:

In the case of notice to His Majesty or the Minister, to  
The Deputy Minister of  
Reconstruction and Supply,  
375 Wellington Street,  
Ottawa, Ontario.

In the case of notice to Canadair, to  
Canadair Limited,  
P.O. Box 6087,  
Montreal, Quebec.

Any notice so given shall be deemed to have been received at the time when in the ordinary course the letter or telegram should have reached its destination.

ARTICLE 22. *Miscellaneous.*

(a) The articles and paragraph headings herein contained are for convenience in reference and are not intended to define a limit to the scope of any provision in this Agreement;

(b) This Agreement shall be interpreted and construed under the laws of the Province of Quebec, Canada.

IN WITNESS WHEREOF this Agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of Reconstruction and Supply and the Secretary of the Department of Reconstruction and Supply and has been executed on behalf of Canadair Limited under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, Sealed and Delivered  
in the manner aforesaid on  
behalf of His Majesty the King  
in right of Canada in the  
presence of:

LUELLE G. HOWDEN,  
*Witness.*

V. W. SCULLY,  
*Deputy Minister.*

F. F. WADDELL,  
*Secretary.*

Signed, Sealed and Delivered  
by Canadair Limited in the  
presence of:

HENRY M. MARX,  
*Witness.*

CANADAIR LIMITED  
H. O. WEST,  
*President.*

D. H. MACFARLANE,  
*Secretary.*

I hereby certify that the within is a true copy of an original Agreement dated the 31st day of March, 1947, made within HIS MAJESTY THE KING in right of Canada and CANADAIR LIMITED.

M. F.

I. McDONALD,  
*Supervisor of Dittoed Contracts*  
*Main Pool*

### PURCHASE AGREEMENT

This Agreement entered into this 31st day of March, 1947, by and between Canadair Limited, a corporation organized and existing under the laws of the Dominion of Canada, with its principal office in the Parish of St. Laurent, in the Province of Quebec (hereinafter called Canadair and Trans-Canada Air Lines, a corporation, with its principal office at the City of Montreal in the Province of Quebec (hereinafter called the Buyer)); Witnesseth:

#### ARTICLE 1. *Subject Matter of Sale*

##### Aircraft

(1) Canadair shall manufacture, sell and deliver to the Buyer, and the Buyer shall purchase from Canadair twenty (20) North Star Model DC-4M-2 Aircraft (hereinafter called Aircraft), more fully described in the detailed specification entitled "RD 2-109 Detailed Type Specification Canadair Four Engined Transport Model DC-4M-2" dated February 17, 1947, as amended by amendment Number 1 thereto dated March 25, 1947, (hereinafter called the Detail Specification) annexed hereto and hereby made a part hereof as Exhibit "A".

##### Spare Parts

(2) Within sixty (60) days from the date hereof Canadair shall furnish the Buyer a list of items for the Aircraft recommended for purchase as Spare Parts, setting forth a general description of each item. The Buyer shall cooperate with and assist Canadair in the preparation of such list. As soon as practicable thereafter, but in any event not later than thirty (30) days after receipt of such list (hereinafter called Spare Parts List) from Canadair with the prices quoted for each item thereon, the Buyer shall place its order for such Spare Parts as it desires to purchase and Canadair shall sell and deliver the same as hereinafter provided.

(3) Canadair shall perform its obligations under paragraphs (1) and (2) above in accordance with the terms of this Agreement and in accordance with the Detail Specification.

#### ARTICLE 2. *Delivery of Aircraft*

(1) Each Aircraft shall be delivered to the Buyer assembled and completed ready for flyaway at a suitable airport at or near Montreal to be selected by Canadair.

(2) The Aircraft shall be presented for acceptance as follows:

(a) the first in July, 1947;

(b) two (2) per month in August, September and October; and

(c) at least two (2) per month thereafter provided, however, Canadair shall give Buyer at least thirty (30) days prior written notice before presenting for acceptance in excess of two (2) Aircraft in any month.

**ARTICLE 3. *Delivery of Spare Parts***

Each of the Spare Parts shall be delivered to Buyer F.O.B. Canadair's plant in the Parish of St. Laurent, Province of Quebec, with cost of transportation, preparation for shipment and crating to be paid by Buyers, from Canadair's plant, or as to purchased parts, if any, from the point of purchase.

**ARTICLE 4. *Price of Aircraft***

The price of each Aircraft sold and delivered hereunder shall be SIX HUNDRED AND SIXTY THOUSAND DOLLARS (\$660,000.00). The price shall be subject to increase or decrease on account of price changes specified in any change orders executed in accordance with Article 12 hereof.

**ARTICLE 5. *Price of Spare Parts***

The price of each Spare Part shall be reasonable and shall be truly comparable under the circumstances with the prices of Spare Parts charged by Douglas Aircraft Company Inc. having due regard to duties, sales and excise taxes and transportation costs.

**ARTICLE 6. *Sales Taxes***

(1) In addition to the purchase price of the Aircraft and Spare Parts, the Buyer shall pay to Canadair any sales tax or taxes of like character which Canadair is required to pay in connection with any act or service performed under this Agreement.

(2) If any such tax appears to be due, Canadair shall promptly notify the Buyer. If reasonably requested by the Buyer in writing, Canadair shall, at the Buyer's expense, take such action as the Buyer may reasonably direct in writing with respect to such asserted liability, and shall not pay such tax except under protest, if protest is necessary. If payment be made, Canadair shall, at the Buyer's expense, take such action as the Buyer may reasonably direct in writing to recover such payment and shall, if requested, permit the Buyer in Canadair's name to file claim or commence an action to recover such payment.

**ARTICLE 7. *Progress Payments***

Canadair shall be entitled to progress payments for each four weeks period commencing with the one ending April 23rd, 1947, and ending with one ending October 8th, 1947, upon rendering to Buyer a progress claim certifying the estimated net total expenditures of Canadair in respect of this contract and the contract with His Majesty dated even date hereof for 23 North Star Aircraft and Spare Parts during the four weeks period covered by such claim, provided that the progress payment for any four weeks period shall not exceed \$2,700,000.00 or a total of \$10,560,000.00 for the whole period from April 23rd, 1947, to October 8th, 1947. Such claims shall be certified by the President and Comptroller or Internal Auditor of Canadair and if any question shall arise in connection therewith such question shall be referred to Mr. V. W. Scully, now Deputy Minister of Reconstruction and Supply, whose decision shall be final, and all such claims shall be paid within 15 days. The purchase price of any Aircraft delivered before October 8th, 1947, or before the notice hereinafter mentioned has been given or before the total progress payments total or reach the total of \$10,560,000.00 shall be applied in reduction of prior progress payments. No further progress payments shall be made after the progress payments for the four weeks period ending October 8th, 1947, or after the total progress payments have reached \$10,560,000.00 or if Canadair has given written notice to Buyer before October 8th, 1947, advising that no further progress claims will be made whichever first occurs and upon the happening of any of the foregoing events the amount of progress payments (after deducting the purchase price of any



Aircraft theretofore delivered) shall be divided by the number of Aircraft then remaining undelivered and the quotient shall be deemed to be the amount paid on account of the purchase price of each Aircraft remaining to be delivered and the balance of the purchase price of each Aircraft shall be paid upon acceptance thereof. It is understood and agreed that if there is any serious interruption in the production of the Aircraft the provisions hereinbefore set forth for the making of progress payments shall be subject to review.

#### ARTICLE 8. *Warranty*

(1) Canadair agrees, represents and warrants that each Aircraft and Spare Part delivered under this Agreement shall, at the time of delivery hereof to the Buyer conform with the Detail Specification and be free from defects in material and workmanship. Such warranty shall not apply to Customer-Furnished Equipment or to accessories, equipment or parts purchased by Canadair unless they are manufactured pursuant to Canadair's detailed design, but shall apply to the workmanship incorporated in the installation of such items in the completed Aircraft. Canadair shall as to such items hereafter purchased by it use its best efforts to secure agreements enforceable by the Buyer from the manufacturers or vendors of such items not warranted by Canadair (other than Customer-Furnished Equipment) warranting that such items conform to applicable specifications and are free from defects in material and workmanship and are free from defects in design; provided, however, that such warranties by such manufacturers or vendors may be made subject to limitations corresponding to those made by Canadair set forth herein.

(2) Canadair agrees, represents and warrants that each North Star Model DC-4M-2 Aircraft will be certificated by the Department of Transport prior to delivery thereof with an appropriate Airworthiness Certificate at gross weight for landing, gross weight for take off and maximum gross weight with zero fuel as set forth in Sections 204-1, 204-2 and 204-3 of the Detail Specification, notwithstanding anything in the Detail Specification to the contrary.

(3) None of the representations or warranties made by Canadair herein with respect to any Aircraft or Spare Part shall survive acceptance by the Buyer of delivery thereof except to the extent only and upon the conditions herein specifically set forth in Paragraphs (4) to (9), inclusive, of this Article 8.

(4) Canadair's obligations under said warranty with respect to any defect is conditioned upon the approval by Canadair of the selection and installation by or for the Buyer on each Aircraft after the delivery thereof of any accessory, equipment or part of a type not originally installed therein and not selected or manufactured by Canadair or to Canadair's detailed design or specification for the type of Aircraft to be purchased hereunder, unless the Buyer shall submit reasonable proof that such defect was not caused by the installation of any such accessory, equipment or part not so approved.

(5) Canadair's obligation under said warranty is conditioned upon the return of the defective Aircraft or accessory, equipment or part with all shipping charges prepaid either to Canadair's factory in the vicinity of Montreal aforesaid or to some other place within the Dominion of Canada mutually agreeable to Canadair and the Buyer, and the submission of reasonable proof to Canadair that the defect is due to a matter embraced within Canadair's warranty hereunder. In case of defects in material or workmanship any such defect must have become apparent and the Buyer must have notified Canadair thereof within six (6) months or one thousand (1,000) flying hours, whichever shall first expire, after delivery of the Aircraft or Spare Part to the Buyer hereunder and the Buyer shall as soon as practicable thereafter return such defective Aircraft or accessory, equipment, or part as aforesaid.

(6) Said warranty shall not apply to any Aircraft or to any accessory, equipment or part installed in such Aircraft if such Aircraft shall not have been operated in accordance with the Air Regulations issued by the Department of Transport or if such Aircraft shall have been repaired or altered or modified contrary to any instructions issued by Canadair or operated with an accessory, equipment or part not authorized for use therein under Paragraph (4) hereof, or if such Aircraft shall have been operated subsequent to it's involvement in an accident, unless the Buyer shall submit reasonable proof that such improper operation, maintenance, repair, alteration or modification, or such accident, was not the cause of such defect; provided, however, that the foregoing limitation of warranty insofar as it relates to repairs, alterations or modifications shall not be applicable to routine repairs, alterations or modifications which normally occur in the operation of aircraft, if such repairs, alterations or modifications are made with suitable material and workmanship and according to standard practice in engineering, provided, further, that the foregoing limitation of warranty insofar as it relates to accidents shall not be applicable to minor accidents.

(7) The extent of Canadair's liability under said warranty as to defects in material or workmanship is further limited to the repair or replacement of any defective accessory, equipment or part with a similar item free from defect. The extent of Canadair's liability under said warranty as to defects or faults in design is further limited to the correction in all aircraft delivered hereunder of any such defect becoming apparent in one of the Aircraft within a period of six (6) months or one thousand (1,000) flying hours, whichever shall first expire after the delivery thereof. Canadair shall make all such repairs, replacements and corrections with reasonable care and dispatch in order that the Aircraft involved may not be kept out of service longer than necessary.

(8) With respect to matters made the subject of Canadair's approval under Paragraph (4) above, Canadair's approval or disapproval thereof shall be delivered in writing to the Buyer within sixty (60) days after the Buyer's written request for approval is received by Canadair. Canadair shall not unreasonably disapprove, and any statement of disapproval shall set forth the reasons therefor. Canadair's failure to deliver to the Buyer a written statement of approval or disapproval within such sixty-day period shall irrevocably and conclusively constitute approval by Canadair of the subject matter of the particular request involved.

(9) Said warranty, as conditioned and limited as aforesaid, is in lieu of all other warranties, express or implied, arising in law or otherwise, and shall not be extended, altered or varied except by a written instrument signed by Canadair and the Buyer subsequent to the execution of this agreement.

(10) Canadair shall in no event be or become liable for consequential damages.

#### ARTICLE 9. *Indemnity against patent infringement.*

(1) Canadair hereby agrees to indemnify, protect and save harmless the Buyer, its successors and assigns, from and against all claims, demands proceedings, suits and actions and all liabilities expenses, recoveries and costs (excluding any damages, costs, expenses, liabilities and loss of profits resulting from loss of use) resulting from any actual or alleged infringement of any one or more letters patent issued under the laws of the Dominion of Canada; provided, however, that the foregoing agreement by Canadair to indemnify, protect and save harmless the Buyer shall not apply to accessories, equipment or parts which are not manufactured by Canadair or pursuant to Canadair's



detailed design or which are incorporated in such Aircraft at the Buyer's request in place of or in addition to those proposed by Canadair, or which are furnished by the Buyer.

(2) Canadair's liability hereunder with respect to any actual or alleged infringement is conditioned upon commencement of suit against the Buyer or the Buyer's receipt of written charge of such infringement, and upon notice by the Buyer to Canadair within ten (10) days after institution of such suit or twenty (20) days after receipt of such charge. Canadair shall have the option at any time to conduct negotiations with the party or parties charging infringement, and may intervene in any suit commenced. Whether or not Canadair intervenes in any such suit, it shall be entitled to assume, conduct, or control the defence thereof, or the settlement thereof.

(3) Canadair's liability hereunder with respect to any actual or alleged infringement is also conditioned upon diligent efforts by the Buyer, in full co-operation with Canadair, to reduce (otherwise than by non-use of the article respecting which infringement is claimed) the royalties, damages, costs or expenses involved; upon Buyer's promptly furnishing to Canadair all the data, papers, records, and other assistance within the knowledge or possession of the Buyer material to resistance or defence against any such claim or suit for infringement; and (except as to amounts payable under a judgment) upon Canadair's prior approval of the Buyer's payment or assumption of any expenses, damages, costs or royalties for which Canadair is asked to indemnify.

(4) Canadair agrees to make fully available to and enforce in behalf of Buyer any and all patent indemnifications and to indemnify Buyer against any and all patent claims against the Buyer to the extent and only to the extent that Canadair has or secures such indemnifications from Douglas Aircraft Company Inc. or from any Licensors and Vendors of equipment and accessories, whether with respect to Canadian, United States or other patents. Upon written request of Buyer, Canadair agrees to execute such further and other assurances as may be necessary to effectuate the foregoing. Rights to indemnification are hereunder conditioned as above set forth in paragraphs (2) and (3) of this Article.

ARTICLE 10. *Indemnity against patent infringement and warranties from other manufacturers.*

Canadair shall make reasonable efforts to obtain from licensors and from the manufacturers of accessories, equipment and parts installed on Aircraft hereunder, but not embraced within Canadair's warranty, an indemnification against patent infringement, reasonably adequate warranties and agreements of indemnification against patent infringement running to the Buyer either specifically or as a purchaser from Canadair of Aircraft upon which such accessories, equipment and parts are installed. In so far as reasonably practicable, Canadair shall advise the Buyer, upon the latter's request, as to the character and extent of protection afforded the Buyer by such warranties and agreements of indemnity.

ARTICLE 11. *Excusable delay.*

(1) Canadair shall not be responsible nor be deemed to be in default on account of delays in the performance of this Agreement due to causes beyond Canadair's control and not occasioned by its fault or negligence, including, but not by way of limitation, acts of God or the King's or the public enemy; civil war, insurrections or riots; fires, floods, explosions, earthquakes or other catastrophies or serious accidents; epidemics or quarantine restrictions; any act of Government, governmental priorities, allocation regulations or orders affecting materials, facilities or completed aircraft; failure of transportation; strikes, labor troubles causing cessation, slow-down or interruption of work;



inability to procure materials in the open market; failure of a sub-contractor or vendor to furnish materials or parts due to any of the foregoing causes; provided, however, that the existence of any one or more of the foregoing causes shall not excuse Canadair for the delay resulting therefrom unless Canadair shall have given to the Buyer notice in writing within thirty (30) days after the occurrence thereof.

(2) In the event acceptance of any Aircraft shall be delayed by reason of any one or more of the foregoing causes for a period of more than one (1) year after the end of the calendar month in which delivery is otherwise required hereunder, either party shall have the option to terminate this Agreement. Such termination shall discharge all obligations and liabilities of the parties hereunder with respect to undelivered Aircraft and Spare Parts.

#### ARTICLE 12. *Change Orders.*

(1) The Detail Specification and the other terms and conditions of this Agreement may be amended from time to time by Change Orders in writing, which shall set forth in detail the particular specifications, terms or conditions involved, the changes to be made therein, and the effect, if any, of such changes on design, performance, weight, balance, time of delivery and/or price of the Aircraft or Spare Parts.

(2) Change Orders shall not be binding on either party and shall not be carried out unless and until executed by persons respectively duly authorized in writing by Canadair and the Buyer. No charges for changes shall be allowed or be collectible from the Buyer unless authorized by a Change Order executed as aforesaid.

(3) In cases where the Detail Specification specifies the kind, type or source of any material, part, accessory or equipment, Canadair shall not substitute therefor any other material, part, accessory or equipment without first obtaining the written consent of Buyer. Canadair's substitution of items pursuant to such consent may be effected without Change Orders; provided, however, that in no instance shall any such substitution without a Change Order increase the price of any Aircraft or affect Canadair's obligations under this Agreement or under the Detail Specification.

(4) Canadair may also, without Change Order but with consent in writing of Buyer's plant representative, make particular minor deviations from the Detail Specification or substitutions for items in short supply; provided that such deviations and substitutions shall not adversely affect the price, time of delivery, functional characteristics or performance of any Aircraft to be purchased hereunder or the interchangeability or replaceability of parts therefor, or appreciably affect the design, weight or balance of any such Aircraft, notwithstanding that such consent in writing has been given.

#### ARTICLE 13. *Spare Parts.*

(1) During a period commencing with the date hereof and continuing for three (3) years, Canadair shall maintain a reasonable stock of Spare Parts or the facilities to manufacture the same and will furnish suitable Spare Parts reasonably calculated to meet the needs for repairs and replacements upon the Aircraft delivered hereunder, such parts to be sold and delivered with reasonable promptness upon Canadair's receipt of orders at prices to be determined pursuant to Article 5 hereof.

Upon the expiration of such three (3) year period, Canadair agrees that it will give Buyer sixty (60) days' written notice prior to disposing of any of the tooling or special raw stock materials required for the fabrication of any Spare

Parts and Buyer shall be entitled during such sixty (60) day period to order such further or additional Spare Parts as may be required by it prior to such disposition of such tooling or special raw stock materials.

(2) In consideration of Canadair's obligations under Paragraph (1) above, the Buyer agrees that it will purchase its said needs for such Spare Parts from Canadair during the period stated in said Paragraph (1); provided, however, that the Buyer, without being obligated to pay any royalty or license fees to Canadair, may purchase from any source whatsoever, redesign or have redesigned for it, manufacture or have manufactured for it as designed or as redesigned, any such Spare Parts, in any of the following events:

- (a) After the expiration of the period stated in said Paragraph (1);
- (b) At any time that Canadair fails to fulfill its obligations with respect to any such Spare Parts pursuant to said Paragraph (1);
- (c) At any time that parts are needed to effect emergency repairs upon any Aircraft purchased hereunder provided that the Buyer, by such purchase from others or by such manufacture, is able to obtain such parts in a shorter time than Canadair is able to furnish them, and provided further, that the Buyer will not stock any such Spare Parts manufactured by or for it for emergency repairs; or
- (d) If the Buyer has notified Canadair in writing that any part manufactured by Canadair or to Canadair's detailed design and specification is defective or unsatisfactory in use and if within a reasonable period thereafter Canadair has not made a satisfactory redesigned part available for sale to the Buyer.

(3) Notwithstanding anything herein contained, Canadair shall not be obligated to maintain a stock of, or supply to the Buyer, Spare Parts of types and kinds not manufactured by Canadair or pursuant to its detailed design and the Buyer may without Canadair's consent at any time purchase from any source whatsoever, or manufacture or have manufactured for it, such Spare Parts if, and to the extent, Canadair does not stock the same.

#### ARTICLE 14. *Services, Instructions and Data.*

(1) During a period of twelve (12) months after delivery of the first Aircraft to the Buyer hereunder, Canadair shall, upon the request of the Buyer furnish without additional charge, reasonable services by, not in excess of four (4), service engineers to act in an advisory capacity to the Buyer on maintenance and operation problems with respect to the Aircraft and to assist in any training programs conducted by the Buyer for maintenance or operating personnel. Buyer shall reimburse Canadair for services of such engineers at their regular wages and for their out-of-pocket expenses while they are rendering services to Buyer away from Canadair's plant.

(2) For a period of three (3) years after delivery of the first Aircraft, Canadair shall, upon the request of the Buyer, and to the extent qualified personnel are available for the preparation thereof, furnish service bulletins or pamphlets to the Buyer covering changes in the type of Aircraft to be furnished hereunder. The Buyer shall compensate Canadair for the reasonable cost of such bulletins or pamphlets.

(3) Canadair shall without additional charge furnish to the Buyer handbooks, manuals, blue-prints and engineering data as provided by the specification attached and marked Exhibit "A" hereto.

(4) Canadair shall from time to time, against purchase orders received from the Buyer, furnish to the Buyer, if available, additional copies or revisions of the instructions and data referred to in the above paragraphs of this Article 14

and other engineering data pertinent to the Aircraft. The Buyer shall compensate Canadair for such copies at Canadair's standard charges which shall be reasonable.

(5) None of the data described in this Article, or furnished pursuant to the Detail Specification shall be reproduced by Buyer. Unless Canadair's written consent is first obtained, none of the data or information described in this Article, or furnished pursuant to the Detail Specification, nor any copies or duplicates thereof, shall be permitted out of Buyer's possession, nor shall the contents thereof be divulged to any other person, firm, or corporation, except (i) for the purpose of enabling Buyer to make, subsequent to delivery, any installation or alteration in any Aircraft delivered hereunder, or (ii) for transmittal to a purchaser, lessee or other transferee (permitted under Article 21) of any Aircraft delivered hereunder, in which case Buyer shall obtain from such purchaser, lessee or other transferee an express written agreement, to hold and use data and information subject to the limitations imposed upon Buyer by this Article.

#### ARTICLE 15. *Title to Property and Risks*

(1) Title to and risk of loss of or damage to each Aircraft shall pass from Canadair to the Buyer upon delivery thereof. Title to and risk of loss of or damage to each Spare Part shall pass from Canadair to Buyer upon delivery thereof to Buyer or to a common carrier for shipment to Buyer.

(2) Upon the delivery of and the payment for each Aircraft, Canadair shall deliver to the Buyer a bill of sale duly vesting in the Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title with respect thereto as the Buyer may reasonably require.

#### ARTICLE 16. *Plant Representatives of the Buyer*

Canadair's construction of Aircraft and Spare Parts pursuant to this Agreement, and all materials and parts obtained by Canadair therefore, shall at all reasonable times during business hours be open to inspection by any duly authorized representative or representatives of the Buyer but not in excess of five (5) persons. Commencing with the date of this Agreement and until the acceptance of the last Aircraft, Canadair shall furnish, without additional charge, suitable office space and equipment in, or conveniently located with respect to, its plant for the accommodation of personnel of the Buyer (not in excess of five (5) persons). All inspections and examinations by the Buyer and its representatives shall be performed in such manner as not unduly to delay or hinder the manufacture, construction or performance by Canadair.

Buyer shall fully protect and indemnify Canadair against any and all liabilities on account of claims of representatives of Buyer against Canadair arising from any injuries or other matters occurring in connection with the foregoing.

#### ARTICLE 17. *Flight Tests*

(1) Before offering acceptance to the Buyer, Canadair shall conduct test flights on each Aircraft sufficient to assure proper operation of the Aircraft. Acceptance test flights not exceeding ten (10) hours for the first Aircraft and three (3) hours for each subsequent Aircraft shall then be conducted with the Buyer's representatives aboard to demonstrate to the Buyer that the Aircraft complies with the requirements of this Agreement, including the Detail Specification. Buyer's representatives on such test flights shall be limited to five (5) persons but no person other than representatives of Buyer, Canadair and the Department of Transport shall be permitted on such flights. The acceptance



by the buyer will be contingent upon such satisfactory demonstration. Canadair shall have complete control of all such flight tests conducted hereunder, bear all costs and expenses incident thereto, and fully protect and indemnify Buyer against all liability on account of injuries to or deaths of persons and damage to or destruction of property arising out of or in connection with the operation of the respective Aircraft during all such flights prior to delivery, except on account of injuries to or deaths of Buyer's representatives occurring during any such flight. Buyer shall fully protect and indemnify Canadair against all liability on account of injuries to or death of Buyer's representatives during each such flight.

(2) Canadair shall furnish in duplicate on presentation of the first Aircraft for acceptance a performance report showing actual performance of the Aircraft. This report shall be based on the test flights and shall include data on all items of performance. The performance data shall be reduced to standard atmospheric conditions.

(3) Two clear days' notice in advance of the acceptance test flight date (to the Buyer's local representative) shall be considered adequate notice.

(4) In the event that any Aircraft to be purchased hereunder shall be destroyed in the course of any such flight test, the number of Aircraft subject to this Agreement shall, at the option of Canadair, exercisable by written notice to Buyer within fifteen (15) days of such destruction, be correspondingly reduced and the obligations of Canadair and Buyer to sell and to purchase respectively such Aircraft so destroyed shall be cancelled.

#### ARTICLE 18. *Cancellation For Insolvency*

Either Canadair or the Buyer at its option may cancel this Agreement with respect to any or all of the Aircraft, Spare Parts, services, data and items to be furnished hereunder which are undelivered or not furnished on the effective date of such cancellation, by giving the other party written notice as hereinafter provided at any time after the other files a voluntary petition in bankruptcy, or proceedings in bankruptcy are instituted against the other and it is thereafter adjudicated bankrupt pursuant to such proceedings, or the other is adjudged insolvent, or a receiver of the other's assets is appointed on account of insolvency and is not discharged within a period of ninety (90) days thereafter, or an execution is issued against the other and is not withdrawn or satisfied within a period of ninety (90) days thereafter, or the other makes a general assignment for the benefit of its creditors. Such notice of cancellation shall be given thirty (30) days prior to the effective date of cancellation, except that in the case of filing of a voluntary petition in bankruptcy or a voluntary general assignment for the benefit of creditors, such notice need not precede the effective date of cancellation. In the event of such cancellation, all obligations, duties and liabilities of both parties hereto as to the items respecting which this agreement is so cancelled shall thereupon cease.

#### ARTICLE 19. *Modifications Beyond the Control of the Parties*

Notwithstanding anything contained in this Agreement, if any law or governmental regulation or interpretation thereof by a governmental agency, shall require any change, addition or modification in any Aircraft to be purchased hereunder in order to obtain a Certificate of Air Worthiness from the Department of Transport as provided herein, the required time for acceptance of the Aircraft involved shall be extended for such time as will allow Canadair to effect such changes, additions or modifications with reasonable promptness, and the cost of making the same shall be borne by Buyer. All such changes, additions and modifications shall be covered by Change Orders, and, in the event Buyer shall not consent to any such Change Order, it shall not be entitled to such certification and shall be obliged to accept the Aircraft without such changes, additions or modifications and without such certification.

**ARTICLE 20. *Customer-Furnished Equipment***

(1) Buyer shall furnish to Canadair at times to be designated reasonably in advance by Canadair, and Canadair shall, without additional charge, make appropriate provisions for the installation of, and shall install as provided in the Detail Specification, the equipment (herein called Customer-Furnished Equipment) specified in the Detail Specification to be furnished by Buyer. At the request of Canadair, Buyer shall, within thirty (30) days after receipt of such request, provide Canadair with a written detailed description of the dimensions and weight of such equipment and information necessary for the installation and operation thereof. Such dimensions and weight shall not thereafter be revised unless authorized by a Change Order.

(2) Buyer warrants that the Customer-Furnished Equipment shall comply with applicable Department of Transport Regulations and shall be suitable for installation and use in the Aircraft. Buyer shall be responsible for adjusting or calibrating such equipment to the extent necessary to obtain Department of Transport approval thereof and shall bear or reimburse Canadair, as the case may be, for any expense incurred in connection therewith. Any delay in providing the foregoing information or in furnishing the Customer-Furnished Equipment or in obtaining approval of such equipment under Department of Transport Regulations shall, to the extent that such delay shall in turn delay the performance of any act to be performed hereunder by Canadair, extend the date by which such act is to be performed by Canadair hereunder; provided, however, that if delivery or approval of the Customer-Furnished Equipment is delayed for fifteen (15) days after written request therefor by Canadair, Buyer shall accept the Aircraft involved without the installation of such Customer-Furnished Equipment and Canadair shall thereupon be relieved of all liability for installation of such equipment.

**ARTICLE 21. *Resale or Lease: Territorial Restrictions***

(1) Buyer may not, without first obtaining Canadair's written consent, resell, lease or otherwise transfer any Aircraft, or agree to do so, until such Aircraft shall have flown at least five thousand (5,000) flying hours or until the expiration of twenty-four (24) months after its acceptance hereunder, whichever occurs first. Buyer shall, subject to the restrictions and limitations of this Agreement, be entitled to transfer Aircraft to a wholly owned subsidiary or subsidiaries of Buyer without such written consent. In the event of the resale or lease or transfer of any Aircraft as so permitted all rights and benefits conferred by this Agreement upon Buyer with respect to such Aircraft shall inure to the benefit of such transferee subject, however, to the condition that Buyer shall obtain or cause to be obtained from such transferee for the benefit of Canadair, an express agreement, in writing, to abide by all applicable terms, conditions and limitations imposed by this Agreement upon Buyer.

(2) Until each Aircraft has been operated for five thousand (5,000) hours or for a period of twenty-four (24) months from the date of the acceptance thereof (whichever first shall occur). Buyer shall not use any Aircraft except in operations wholly within the Dominion of Canada or in international operations primarily originating in and based upon the Dominion of Canada. Operations shall not be deemed primarily to originate in and be based on the Dominion of Canada unless the Aircraft in question returns to the Dominion of Canada at reasonable intervals in the course of its regular flight schedules.

**ARTICLE 22. *Investigation of gross weight***

(1) Canadair agrees, without cost to Buyer, to undertake immediately and to complete as promptly as possible an investigation of the structure (but without static test) necessary to increase to 80,000 pounds the permissible gross weight for take-off of the Aircraft. Upon the completion of such investigation



Canadair shall promptly make a change order proposal to Buyer quoting the cost to Buyer of any structural changes and work required to cause such permissible gross weight for take-off. If Buyer elects, Canadair shall enter into a Change Order to effect the foregoing at the said price.

(2) In the event of the said Change Order having been entered into the work having been completed and flight test having demonstrated the suitability of the Aircraft at 80,000 pounds permissible gross weight for take-off, Canadair shall, at the request of the Buyer, submit all necessary evidence to the Department of Transport to obtain revision of the Certificate of Airworthiness at the higher permissible gross weight for take-off.

#### ARTICLE 23. *Exhaust system and noise level*

(1) Notwithstanding the provisions in the Detail Specification both parties agree that it is necessary to improve the exhaust system in order to obtain an exhaust noise level satisfactory for competitive scheduled commercial airline operations. Canadair will co-operate with the power plant manufacturer to develop such satisfactory exhaust system and Buyer will pay (as an addition to the price of Aircraft purchased hereunder) one half of all increased costs to Canadair by reason either of increased prices paid by Canadair to the power plant manufacturer by reason of the change in the exhaust system, or by reason of any change required thereby in the structure of the Aircraft.

(2) For the purposes of sub-paragraph (1) of this Article 23, costs to Canadair of any structural changes in the Aircraft will if Buyer so requests in writing, be determined in accordance with costing memorandum form M. & S. 433 referred to in Order in Council P.C. 6284, dated July 20, 1942, copy of which is attached hereto and market Exhibit "B" to this Agreement; provided that such costs shall in no event include any costs incurred by Canadair before the date of this Agreement.

(3) Canadair agrees, represents and warrants that each Aircraft will have an exhaust noise level satisfactory for competitive scheduled commercial airline operations.

#### ARTICLE 24. *Assignments*

This agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and assigns, but it may not be voluntarily assigned, in whole or in part, by either party without prior consent in writing of the other party, except that (1) either party's interest shall be assignable without such written consent through merger, consolidation or reorganization or voluntary sale or transfer of substantially all of its assets, provided that there is not any essential change in the management of the operations of the party making such assignment; (2) Canadair, upon prior written notice to Buyer, may assign any of its fixed or contingent rights to receive money hereunder; and (3) Buyer may assign any of its rights hereunder to the extent hereinbefore expressly provided.

#### ARTICLE 25. *Notices and Requests*

All notices and requests required or authorized hereunder shall be given in writing either by personal delivery to an Officer of the party to whom the same is given, or by registered mail, return receipt requested, or by telegraph, and the date upon which any such notice or request is so personally delivered, or if such notice or request is given by registered mail or by telegraph, the date upon which it is sent shall be deemed to be the effective date of such notice or request, irrespective of any date appearing therein. Canadair shall be addressed to The President at P. O. Box 6087, Montreal, Province of Quebec, Canada, and Buyer shall be addressed to the Secretary at 360 McGill Street, Montreal, Province of Quebec, Canada, unless either party notifies the other in writing as aforesaid of a change of address.



ARTICLE 26. *Miscellaneous*

(1) Buyer shall give reasonable assistance to Canadair in obtaining the consent of the appropriate Dominion of Canada Agencies to the manufacture, sale and certification of the Aircraft hereunder.

(2) The term "Department of Transport" as used in this Agreement shall be deemed to refer to any other authority that shall be designated to perform the duties corresponding to the duties now performed by said Department of Transport.

(3) In the event the use of Air Worthiness Certificates is discontinued during the performance of this Agreement, thereafter such terms shall be deemed to refer to any other corresponding certificate or instrument issued by the Department of Transport, or, in the event there should not be any such other corresponding certificate or instrument, then Canadair shall for the purposes of this Agreement be deemed to have obtained such certificate hereunder at the times herein provided, upon demonstrating that each Aircraft complies with the performance guarantees set forth in the Detail Specification.

(4) This Agreement supersedes all understandings or agreements heretofore made between the parties hereto and shall not be altered except in writing signed by both parties.

(5) The paragraph headings herein contained are for convenience in reference and are not intended to define or limit the scope of any provisions in this Agreement.

(6) This Agreement shall be interpreted and construed under the laws of the Province of Quebec, Canada.

(7) All payments to be made by Buyer to Canadair or by Canadair to Buyer hereunder shall be made in Canadian funds at Montreal.

(8) Within ten (10) days after the date hereof Buyer shall notify Canadair and Canadair shall notify Buyer in writing of their representatives duly authorized to make certification, give notices, execute Change Orders and in any other respect to act under the terms of this Agreement.

(9) In the event of any discrepancies or variations between this Agreement and the Detail Specification, the provisions of this Agreement shall control.

IN WITNESS WHEREOF this Agreement has been executed on behalf of the parties hereto and their respective seals have been hereunto affixed, all by their officers thereunto duly authorized.

CANADAIR LIMITED

Attest:

D. H. MACFARLANE,  
*Secretary.*

By

H. O. WEST,  
*President. C/S*  
TRANS-CANADA AIR LINES

Attest:

W. H. HOBBS,  
*Secretary.*

By

H. J. SYMINGTON,  
*President. C/S*

I hereby certify that the within is a true copy of an Original Agreement dated the 31st day of March, 1947, made between Canadair Limited and Trans-Canada Lines, save and except that there has been omitted therefrom Costing Memorandum M. & S. 433 (Exhibit "B").

I. McDONALD,  
*Supervisor of Dittoed Contracts,  
Main Pool.*



















Government  
Publications

~~AT  
13  
A274  
1950  
no. 24~~

# PUBLIC ACCOUNTS

No. 24

WITNESSES:

Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation) and Mr. Charles Gavsie, C.B.E., Assistant Deputy Minister, Department of National Revenue.

L.Ph.,  
ENT MAJESTY  
Y



## STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |                                |                                |
|-----------------------------------|--------------------------------|--------------------------------|
| Anderson                          | Fleming                        | Pinard                         |
| Ashbourne                         | Fournier ( <i>Maisonneuve-</i> | Prudham                        |
| Balcer                            | <i>Rosemont</i> )              | Richard ( <i>Gloucester</i> )  |
| Beaudry                           | Fulford                        | Richard ( <i>Ottawa East</i> ) |
| Benidickson                       | Fraser                         | Riley                          |
| Blue                              | Gauthier ( <i>Portneuf</i> )   | Robinson                       |
| Boisvert                          | Hansell                        | Sinclair                       |
| Boivin                            | Helme                          | Stewart ( <i>Winnipeg</i>      |
| Brisson                           | Homuth                         | <i>North</i> )                 |
| Browne ( <i>St. John's West</i> ) | Johnston                       | Thatcher                       |
| Cauchon                           | Kirk ( <i>Antigonish-</i>      | Thomas                         |
| Cavers                            | <i>Guysborough</i> )           | Warren                         |
| Cleaver                           | Kirk ( <i>Digby-Yarmouth</i> ) | White ( <i>Hastings-</i>       |
| Cloutier                          | Langlois ( <i>Gaspé</i> )      | <i>Peterborough</i> )          |
| Cruikshank                        | Larson                         | Winkler                        |
| Denis                             | Macdonnell                     | Wright                         |
| Diefenbaker                       | Major                          |                                |
| Drew                              | Maybank                        |                                |

*Clerk:* A. L. Burgess

## MINUTES OF PROCEEDINGS

WEDNESDAY, June 14, 1950.

The Standing Committee on Public Accounts met at 10.00 o'clock a.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Blue, Browne (*St. John's West*), Cauchon, Cavers, Croll, Cruickshank, Drew, Fulford, Fraser, Helme, Kirk (*Digby-Yarmouth*), Johnston, Larson, Major, Picard, Pinard, Prudham, Richard (*Ottawa East*), Robinson, Sinclair, Thatcher, Thomas, Warren, Winkler.

*In attendance:* Mr. H. R. Malley, O.B.E., President and General Manager, Crown Assets Disposal Corporation; Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation) and Mr. Charles Gavsie, C.B.E., Assistant Deputy Minister, Department of National Revenue.

The Committee resumed consideration of the accounts of War Assets Corporation.

Examination of Messrs. Malley, Scully and Gavsie was continued.

Mr. Gavsie tabled copy of "management" agreement dated November 11, 1944, between His Majesty the King in right of Canada and Canadair Limited, together with copies of the following related documents, which are printed as

*Appendix A* to this day's minutes of proceedings and evidence:

1. Agreement between His Majesty the King in right of Canada and Canadian Vickers Limited dated November 11, 1944;
2. Agreement between His Majesty the King in right of Canada and Canadian Vickers Limited dated January 25, 1944;
3. Order in Council P.C. 8991, dated November 28, 1944;
4. Order in Council P.C. 8992, dated November 28, 1944;
5. Agreement between His Majesty the King in right of Canada and Canadian Vickers Limited and Canadair Limited dated January 31, 1946;
6. Agreement between His Majesty the King in right of Canada and Canadair Limited, dated November 11, 1944;
7. Agreement between His Majesty the King in right of Canada and Canadair Limited, dated May 1, 1945; and
8. Order in Council P.C. 4060, dated June 7, 1945.

Mr. Drew moved that Mr. B. W. Franklin of Montreal, P.Q., former president of Canadair Limited, be called before the Committee as a witness.

Discussion followed.

At 11 o'clock a.m. the Committee adjourned until 11.30 o'clock a.m. this day.

The Committee resumed at 11.40 o'clock a.m.

After further discussion on the motion of Mr. Drew, and the question having been put thereon, it was negatived.

Examination of the witnesses was continued.

At 1 o'clock p.m. the Committee adjourned until Thursday, June 15, at 10 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Wednesday, June 14, 1950.

The Standing Committee on Public Accounts met this day at 10 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, order.

We have the same witnesses as we had yesterday in connection with Canadair and War Assets.

**Mr. V. W. Scully C.M.G., Deputy Minister of Taxation, recalled:**

The WITNESS: Mr. Chairman, may I start by saying that we have not yet got the figures requested yesterday but I hope to have them here this morning.

The CHAIRMAN: What figures do you mean?

The WITNESS: On the capital expenditures from 1944 to 1946.

The CHAIRMAN: Oh yes.

*By Mr. Drew:*

Q. Well now, Mr. Scully, just as a matter of record, because it is in the various papers available, and to remove some of the difficulty that must be encountered in understanding some of these rather large figures of assuming the debts and also taking over credits and so on, I would just like to ask about the statement so that it goes on this record. You know of the details of the transaction under which this property was sold and the value that was set for the purposes of sale including credits, obligations, inventories and so on; and so that it may be in this record—if you would prefer I would ask you if this is the same, or vice versa, whichever you prefer. I am asking now about that statement which gives the basic value of this deal as of September 14, 1946. Have you that figure in front of you?—A. Yes.

Q. It is actually subparagraph 7 of the agreement. Have you it in sequence? —A. No, I haven't it in sequence.

Q. Would it be agreeable to you if I read them and ask if you recognize them as being the basic value as of September 14, 1946, the total amount being \$4 million, made up as follows: (a) land, \$47,000; (b) buildings, \$2,162,129; (c) list of equipment, except special tooling, \$1,790,870; and (d) special tooling, \$1 million; making a total of \$4 million.

Mr. GAVSIE: No, not \$1 million, \$1; special tooling, \$1, making a total of \$4 million.

Mr. DREW: Yes, coming to a total of this figure of \$4 million.

*By Mr. Drew:*

Q. You have those figures?—A. Yes.

Q. And that is a correct statement as of that date of the land, building, equipment and tools exclusive of inventories and the assumption of obligations



and taking over all the credits and so on; that was the price that was put on the property for the purpose of sale under the agreement?—A. That is correct.

Q. So that quite apart from these other figures \$4 million was the sale price of the land, building, leased equipment and special tools?—A. Yes, sir.

Q. Now I had intended to tie that in with your statement with regard to the actual cost, but you will have that later in the day, the actual cost?—A. The actual cost is shown in the balance sheet.

Q. No, I think you will find that is not correct.—A. Plus the \$3 million that is shown there.

Q. Is that the accumulated total of costs?—A. Yes sir.

Q. So that you mean the figure that you would set off covering the items for which the \$4 million was to be paid is land, buildings, plant, tooling and equipment \$18,825,776.66?—A. Plus the \$3 million.

Q. Plus the \$3 million, so that with that you have a total of \$21,825,776.66?—A. Correct.

Q. I am simply trying to put all these figures together so that we can get away from some of the confusion that must be in all our minds when we deal with all the composite elements of the sale. Before the option was exercised \$4 million was to be paid for the land, buildings, plant, tooling and equipment as set out in the balance sheet prepared as of September 14, 1946, plus a further \$3 million, making a total of \$21,825,776.66.—A. Correct.

Q. Now, in the prepared balance sheet of September 14, 1946 there is a list there of inventories and work in process. How many of the North Star aircraft had actually been completed as of September 14, 1946, if any?—A. My recollection is that none had been completed to the delivery stage.

Q. So that the inventory in so far as it relates to work in process etc. relates to such part of the 44 North Stars as have been contracted for by the dominion government and were in course of construction?—A. Yes sir.

Q. And in the evidence already taken you have divided that into two figures, one figure being the figure that related to the actual aircraft in course of construction and the other to the general inventory which I assume would be the parts, the parts of various kinds that go into that construction. These two figures, just to get this in sequence—I think they are already on the record—what are they?—A. In respect of the first mentioned, \$5,659,138.74.

Q. Yes.—A. That as you may recall were North Stars.

Q. Yes.—A. The second item is \$3,886,821.10.

Q. And that is what you would call general inventory?—A. It is all inventory other than North Star.

Q. And then in regard to that inventory figure that included such things as aluminum for the construction of the aircraft, stamped parts and things of that kind?—A. Parts and raw materials.

Q. Yes, well now these aircraft generally described as North Stars are also described from the point of view of the negotiations and otherwise as the D.C. 4F, is that not so?—A. Yes.

Q. Yes, the D.C. 4F.—A. I think there are other designations, Mr. Chairman; D.C. 4M, D.C. 4F, D.C. 1M, D.C. 2 and so on.

Q. Yes, as changes were made it worked out to the D.C. 4M, which meant the D.C. 4 modified?—A. Yes.

Q. And for the reasons that we indicated by that name in itself a great many parts were parts that were interchangeable or would be similar to the parts made for the D.C. 4 in the United States, would they not?—A. I would think so but I have no technical knowledge of that.

Q. There is a reason why I would like to have someone answer that question. Mr. Gavie, is there anything you know about that?—A. No, there is not.

Q. Is there anything you know about it Mr. Malley?

Mr. MALLEY: No.

*By Mr. Drew:*

Q. Now, in connection with the inventories of parts, you are aware I assume, Mr. Scully, that a considerable variety of inventory had been accumulated through purchases which were described as the Chicago and the Oklahoma purchases?—A. Yes sir.

Q. Will you describe just what was in that Chicago purchase?—A. I do not know I can describe it any more clearly than to say that it was a lot of component parts bought by the company some time during 1944 or 1945, or it may have been 1946.

Q. And those parts included various essential requirements of the D.C. 4, such as plates for the body and wings and other structures of the D.C. 4, did they not?—A. I do not know exactly what it included in the way of components. It did include some components and tools.

Q. And those components were used in the construction of the North Star, were they not?—A. Some of them.

Q. Well, when you say some of them, do you know of any that were not?—A. At the time the plant was taken over Canadair had a very large inventory of Chicago material which could not be used in the North Star.

Q. Have you any figures which would give a breaddown between components, parts and material which were actually incorporated in the construction of the North Star aircraft and which were not? Who could answer that question?—A. I doubt if that question could be answered.

Q. The next question—well, I can wait, I think it has some importance. You are aware of the source from which these parts were obtained, are you not?—A. I know they were purchased from the U.S. war surplus.

Q. That is right, they were bought as war surplus, and I think you will recall that they were bought at a certain price per pound rather than as fabricated parts?—A. No sir, not all of them.

Q. Can you indicate what was paid per pound for them?—A. No.

Q. Without going into the question further at the moment, let us take first the material and parts that were bought as war surplus from the U.S. war surplus organization in Chicago; do you know the price at which they were bought, do you know the cents per pound?—A. I don't know. I have been told but I am not sure and I would be just guessing, it was very small.

Q. I do not want to suggest a figure if you do not know it yourself.—A. No, I do not know the figure. I would just be guessing.

Q. Would you care to indicate what it might have been?—A. Somewhere around 10 cents per pound.

Q. You will be able to check up on that for us?—A. I am not sure of that. We are finding some difficulty in getting information of that kind for our own use.

Q. You see why I think that is interesting is so that we may have an opportunity to examine the nature of the inventory which was taken over and its original cost in view of the fact that actually a considerable part of the material that was used in the construction of the early North Stars was, as you have indicated, made up of parts that were bought from the war surplus organization in Chicago. I would like to have the figure at which they were bought. I know that you can obtain it. I think the figure you have indicated may be close but it is not exact. Now, Mr. Scully before I ask my next question I would just like to clear the record on this point so it will be understood: Canadair at that time was not a company which had any ownership interest, nothing but a managerial interest in the plant; that is, prior to September 14, 1946; it was simply an incorporated management company which gave operating management and its only interest was in plant management; that was the situation, wasn't it?—A. Yes.

Q. So that anything bought would be bought for a public enterprise. Can you tell us who made the actual purchase, who was the actual purchaser of the war surplus stock in Chicago, who bought it?—A. You mean as far as Canadair is concerned?

Q. It was Canadair which bought it?—A. Yes.

Q. So that the figure you are giving us is the figure at which Canadair secured these war surplus parts; what they owed the government; is that it?—A. What they paid for them.

Q. I want to be quite clear on that.—A. We were very clear about that too. It is a most important point and was at the time the negotiations were going on, and any parts sold to the government for any aircraft or spare parts were sold at cost.

Q. Well, in a case of that kind what steps would you have to take to examine a procedure of that kind? Would Mr. Franklin of Canadair produce for your examination the sale slips from the war surplus organization in Chicago or anything?—A. We had our cost accountants right there in the plant during the period of its operation.

Q. The reason I am asking this, Mr. Scully, is that you are doubtless aware from examination of the Canadair accounts that although it was only a management company its operating record shows that it was making a profit on certain transactions it was carrying out. Here we have a company which is strictly a management corporation with a purely nominal capital structure of \$10,000, yet they are in a position to make a profit from transactions other than management of the amount of that claim. Do you know of the arrangement under which that was done?—A. I do not think the management made any profits.

Q. Did you see their balance sheets during the time they were under this management contract?—A. They were entitled to a fee from the crown for management purposes and that was waived.

Q. That was what?—A. That was waived.

Q. At what time?

Mr. GAVSIE: The agreement provided—if you will look at the letter of January 20, 1947, which forms a part of the documents which were tabled and are going to be printed as an appendix, if you will refer to the second paragraph of the letter of January 20, 1947, you will see that it reads as follows:

2. The agreement of November 11, 1944, as amended May 1, 1945, between His Majesty and Canadair Limited, shall be deemed to have been terminated as of September 14, 1946, in all respects except in respect of the production of the 44 aircraft and spare parts referred to in paragraph 5 hereof. The provisions of the said agreement relating to the payment of fees or profits to Canadair Limited shall be deemed to be cancelled *ab initio* and Canadair Limited shall not have any claim or right to fees or profits whatsoever for the period up to September 14, 1946.

Mr. DREW: Well, I have before me, for instance, a statement issued to the directors of Canadair under date of the 15th of May, 1946, showing the balance sheet as of the 31st of October, 1945, and giving a statement of profits on the operations from the 1st of November, 1944, to the 31st of October, 1945; and, remembering that this is simply a management company and capitalized at a purely nominal amount of \$10,000, there is shown there a profit in respect to their administration amounting to \$712,723.94.

Mr. GAVSIE: That is one of the items that during the course of these negotiations the company agreed to give up claim to. These provisions were terminated *ab initio*. That is one of the considerations which appears in the agreement.



Mr. DREW: Yes, but quite apart from what they may have agreed to give up—here you have this balance sheet of Canadair showing a profit for that year of their operations amounting to \$712,723.94, despite the fact that this was purely a managerial company, managing the business on behalf of the government after it was taken over from Vickers Limited.

Mr. GAVSIE: There is also the stipulation which appears in paragraph 1 of a letter to which I just referred which reads as follows:

1. I understand that your corporation has arranged to acquire substantially all the capital stock of Canadair Limited and will retain ownership of at least 90 per cent of such stock. Your corporation has agreed to provide Canadair Limited with \$2 million working capital forthwith. If such working capital or any part thereof is advanced to Canadair Limited by way of loan it shall be an express condition of such loan that the repayment thereof to your corporation shall not be made unless and until the amounts herein provided to be paid to His Majesty have been paid in full.

Mr. DREW: That is perfectly so. What I am pointing out is that this was a statement that was made in relation to the actual operations of this management company which was a company that was operating a government-owned plant. Canadair didn't own the plant, the government owned the plant and it was just as though the government had engaged William Smith to be manager; instead of engaging Mr. Franklin as manager they arranged to have a company incorporated for a nominal capital of \$10,000, 10,000 shares, and it was strictly a management company in the form of a corporation instead of an individual. What I am talking about is the arrangement by which such a management corporation as this could accumulate profits to the extent of \$712,723.94.

Mr. GAVSIE: If that was so, very simply it would be the contract of November 11, 1944, that is referred to there. Under the terms of the agreement in 1947 the company agreed to wipe out all profits to which it was entitled under that earlier contract.

Mr. DREW: You are referring now to the contract of 1946?

Mr. GAVSIE: No, I am talking about the agreement of 1944.

Mr. DREW: Yes.

Mr. GAVSIE: Which was the agreement that Canadair made at the time it commenced to be the manager of the plant you were describing; that that agreement provided for the payment of the profit, and by the agreement made in 1947, that is one of the conditions, one of the terms of that agreement made at that time, that Canadair for Electric Boat which at that time had effective control, agreed to forego and waive *ab initio* any claim to fees or profits for all the work that Canadair had done from November of 1944 up to this date in 1946.

Mr. DREW: Yes, that is right, when it applies to 1946, to the time when this admitted waiver took place. What I am pointing out is that in their opinion, as expressed in this audited statement here, in accounts receivable were shown as profits due from the Dominion government in respect of contracts administered by the company up to that date, and that covers the period from November 11, 1944, to the 31st of October, 1945; and what I am asking is what contracts there would be in addition to the ordinary management arrangement which could reap that total, because from the figures here it is apparent that Mr. Franklin was paid \$20,518.07 during that same period, so that he was paid for his services in a managerial capacity; so, what were the contract administered by Canadair in respect of which profits of \$712,723.94 were claimed.

The WITNESS: I do not think there was any such profit. There were many contracts other than the contracts between Canadair and the crown. That was



set out in the papers that were tabled in the House and showed the contracts for the conversion of the Dakotas and of the D.C. 3's.

*By Mr. Drew:*

Q. Now, Mr. Scully, may I remind you again that these are not profits due from outsiders, these are profits due from the Dominion government in respect of a contract administered by the company as agent. What I am saying to you is: what were these contracts in respect to which the Dominion government owed \$712,000 over and above the ordinary management obligations in connection with Crown property at Cartierville?—A. I do not know.

Q. Can you get that information?—A. No, I cannot. I do not think that government officials should be expected to explain the financial statements of private companies prepared by their own auditors.

Q. This is an obligation of the Dominion government?—A. That is what they say.

Q. Very well. Mr. Chairman, in that case since this comes up, and since the officials dealing with this point of view of the Dominion government say this is only their statement, obviously we have to go to the other end. Therefore, I would ask that Mr. B. W. Franklin be brought here as a witness to explain the details of this statement.

Mr. CROLL: Details of his own company's statement?

Mr. DREW: The statement which sets out the profits made by this company upon contracts administered for the Dominion by the management company set up by them for the purpose of administering this property at Cartierville.

Mr. CROLL: What Mr. Drew is asking for is the calling of a witness of a private corporation in whose statement appears a notation that the government owed them that sum of money. What has that to do with us?

Mr. DREW: I do not think it was a private corporation at that time, was it?

Mr. CROLL: It must have been.

The CHAIRMAN: We can find that out when we get the officials from the State Department.

Mr. GAVSIE: I think the shares were owned by individuals, and that the government was not interested in the corporation as such. Technically I think it may have been a private corporation, but we do not know.

Mr. DREW: But you do know that the Canadair Company was set up under an arrangement with the Dominion government in a special form in 1944 for the purpose of continuing the management of Crown property which up to that date had been managed by Vickers Limited, and that the arrangements which were made were all tied in with the incorporation of this very special company which had, I think, the smallest capital I have ever seen except in the case of a non-profit company—ten thousand shares with a nominal value of \$10,000.

Mr. GAVSIE: That is not a statement of the situation as I understand it. For instance, during the war the General Electric Company operated a plant on behalf of the government. I think the name was Geneleo. It was in Peterboro. That company was set up by the General Electric Company. It had nominal share holdings and it operated in exactly the same way as Canadair did. There were other instances of it.

The CHAIRMAN: In connection with Polymer, were there any American companies incorporated on that basis?

Mr. GAVSIE: Yes; there were several operating companies. I have forgotten the names of them at the moment; but they had management fee arrangements.

They were all regarded as privately owned companies and the government was not interested in the corporate structure of those particular companies and in the shareholdings of those companies.

The CHAIRMAN: I know that Dow came in and incorporated a small company for management purposes because they had the rights to the patents; and that came out during the investigation of the War Expenditures Committee.

Mr. GAVSIE: That is right.

Mr. DREW: The situation is not parallel. What you describe was a situation which was quite common. That was where existing corporations were doing wartime work.

The CHAIRMAN: Management!

Mr. DREW: Management work, and they incorporated—mark you, I say “they”—they incorporated special companies. In this particular case you have referred to Genelco which was a management company specially created by the General Electric Company. That was an entirely different thing. Canadair was not created by anyone.

Mr. GAVSIE: Oh, yes.

Mr. DREW: Canadair was not created by anyone except the man who was carried forward in a management capacity, Mr. B. W. Franklin, the General Manager of this same government-owned property prior to the time that Vickers Limited ceased to exercise management control, and he was in a management position as an individual.

Mr. GAVSIE: On behalf of Vickers.

Mr. DREW: And at the time the Dominion government made arrangement to transfer management from Canadian Vickers Limited, Mr. Franklin remained as manager. But instead of being continued under a personal management contract in order to give some name to this physical entity—

The CHAIRMAN: That is your interpretation, Mr. Drew. Why not ask the witness who was there to give his own statement?

Mr. DREW: All right. I shall leave that part out. At that time instead of giving the management contract to Mr. Franklin, Mr. Franklin incorporated this management company which was known as Canadair with a stated capital of \$10,000, with ten thousand shares; and the management contract then was continued with the same man, Mr. Franklin, through this corporate entity. That was the situation. So it is not in any way parallel to the Genelco situation.

Mr. GAVSIE: It is parallel in the sense that Mr. Franklin, as you say, caused Canadair Limited to be incorporated. He or his nominees or others owned the shares. The government had no shares or interest in Canadair as a corporate entity. The government made a contract with Canadair Limited, a corporate entity, to manage this plant.

Mr. CROLL: Was it a Dominion or a Provincial incorporation?

Mr. DREW: A Dominion.

*By Mr. Larsen:*

Q. Who supplied the working capital to pay for these parts which in turn were transferred to TCA? Did the government?—A. Yes.

Q. Is Mr. Drew satisfied that this \$700,000 odd was never paid to these people?

Mr. DREW: This is a statement of profits shown as from the 11th of November 1944 to the 31st October, 1945, and either this statement is absolutely inaccurate or there is a government department which can explain what the contracts were

in respect to which the dominion government was obligated to Canadair to pay them \$712,000 in profits on contracts administered by them other than the management contract for Canadair?

The WITNESS: There was no profit or fee of any kind paid by the government to Canadair up to 14th September 1946 regardless of what the company's statement purports to say.

Mr. DREW: This is a statement of the company that was operating as the manager of this plant which, according to this statement here, cost over \$20 million.

The CHAIRMAN: What is the date of the statement which you are reading?

*By Mr. Drew:*

Q. This particular one is a statement covering the period from the 11th of November 1944 to the 31st of October 1945. Perhaps for the purpose of clearing the record on that point, can you say whether the 11th of November 1944 was the date on which Canadair began its management operations?—A. I can. The 11th of November.

Q. Because yesterday we did not have the exact date. So the 11th of November 1944 was the date on which Canadair began its management of the Crown property at Cartierville?

Mr. MAJOR: With respect to the amount stated, was it a payment due to, or a claim by Canadair? I would like to be clear on that.

Mr. DREW: I shall read it again. All I was trying to do was to interpret an audited statement.

The CHAIRMAN: It is a private company. Nobody connected with the government issued that report. It is a report of a private company, a management company or an owning company, but it is a private company.

Mr. LARSON: There is nothing to stop them from doing business for the government and claiming that the government owed them a certain sum. I think the whole point is this: did the government ever pay them?

Mr. DREW: Mr. Chairman, I submit that is not the whole point. The point is that either this statement is correct or it is not correct. Let us not pretend that this is some distant unknown company that was particularly incorporated for the purpose of providing corporate management in which Mr. Franklin was still the man in charge, instead of having Mr. Franklin as an individual managing the plant as he had done while Vickers was in nominal charge.

The CHAIRMAN: For which we were no more responsible than we were for Vicker's management. If Mr. Victor Drury or anybody else had made a mistake, the government would not be responsible for a statement like that. Now it is another private company.

Mr. DREW: I was trying to reply in answer to a question asked by Mr. Major. I simply read out what it is. This is an audited statement of Canadair as to the period covering the 11th of November 1944 to the 31st of October, 1945; and in that statement appears "accounts receivable the Dominion Government"; and then the statement follows: "Profits due from the Dominion Government in respect of contracts administered by the company as agents". And I am pointing out that what I have asked is: what were those contracts with the Dominion government? It seems to me that it is a simple, clear and very pertinent question.

Mr. MAJOR: Does it say what the accounts receivable were?

Mr. DREW: \$712,723.94.

The CHAIRMAN: We have had the contracts supplied. They are on record now. They speak for themselves. If the official contracts do not mention it, then the statement is a free statement.



Mr. DREW: If they do not mention it, and if this statement is not correct, then Canadair was making profits it was not entitled to. Either these were management arrangements covered by the contract or they were not; and if they were not, then Canadair had no right to receive it.

The CHAIRMAN: Have we evidence that they received it? Why not ask the officials?

Mr. DREW: I have asked the official and it was because the official said that he could not say that I moved that Mr. B. W. Franklin who is available should be called to give evidence in regard to this statement.

Mr. FULFORD: Mr. Chairman, I think it has been pointed out that they did not get any of that money. Mr. Franklin was simply a Canadair officer. He was not a government employee.

The CHAIRMAN: The bell is now ringing so we shall have to adjourn. We shall carry on at 11.30.

On resuming—

Mr. DREW: Mr. Chairman, I just came up from the House. We have not reached orders of the day yet and I think you will find from the record that the committee was not to resume until after orders of the day had been reached. It was definitely understood that the committee would not resume until after orders of the day had been disposed of.

The CHAIRMAN: As soon as we have enough members we can start.

Mr. DREW: This committee was adjourned on my motion until after orders of the day.

The CHAIRMAN: Any time we have sufficient members we can resume our sitting.

Mr. DREW: Yes, Mr. Chairman, but my motion was that the committee would not meet until after orders of the day had been disposed of. I do not see how anybody could possibly be expected to be here, and at the close of our sitting yesterday it was understood that we would not sit until 12 o'clock.

The CHAIRMAN: I shall wait the usual fifteen minutes and then if we have not a quorum we will adjourn. When the committee rose it was understood that we would resume at 11:30, so we will sit here until a quarter to twelve and if we do not get a quorum by that time we will adjourn. That is the rule usually followed, to wait fifteen minutes for a quorum.

Mr. DREW: May I ask that the record of my remarks at adjournment be read back. Have we a quorum now?

The CHAIRMAN: Yes, there is a sufficient number of members here. Order, gentlemen.

At your request, Mr. Drew, I will ask the reporter to read the last part of the evidence pertaining to the point you raised.

Mr. DREW: That would be in the very last part of it, the reference to my motion at adjournment. That would be at the very end.

The CHAIRMAN: The reporter who took that part of the record is not present at the moment. We will have him called to read what you ask for. In the meantime, are there any further questions for these witnesses?

Mr. DREW: I have made a motion, Mr. Chairman, that Mr. B. W. Franklin be called and I had started to explain why I thought that the motion should be supported by this committee. There can be no question whatever about the authority of the committee under the terms of its reference being such that it has power to call anyone and to call for the production of such papers and records as may be required. In this particular case the point arises in relation to one item but is in no way limited to that item. Now, the reason for suggesting



the appropriateness of calling Mr. Franklin as a witness is that the property we are discussing is an item in the public accounts; is not a property owned by Canadair at the time in question; is a property owned by the people of Canada in the name of the crown, and that property had been placed in position for the production of aircraft entirely at the expense of the people of this country. It had been operated first under a management contract with Vickers Limited and then as of November 11th, 1944 for reasons that were read into the record by Mr. Gavsie yesterday and which can be summarized as being that in view of its commitments under the shipping program by Vickers Limited it was considered advisable that they should cease to exercise the management responsibility and it was decided to transfer management to new hands. During the latter part of the time that Vickers Limited had been in the position of management in relation to this property of the crown at Cartierville, Mr. Franklin being the man actually doing the managing, he was continued in that position and instead of merely placing Mr. Franklin in charge of the property—it was not done in the form of a crown corporation like Polymer or any corporation of that kind simply owned by the government—a management company was formed so that there could be a corporation. The arrangement was that a company was incorporated under a company named Canadair Limited with a director and nominal share capital. In view of the fact that it owned nothing in connection with the plant, it was simply a body corporate created for purposes of management and it continued in the management of the plant until the crown property was sold to the Electric Boat Company under terms completed in March of 1947 but with an effective date as of September 14, 1946. Coincident with the sale by the government of that plant for \$4 million there was an arrangement which forms part of the general transaction approved by the government under which the Canadair Company passes into the control of the Electric Boat Company and the Electric Boat Company in turn gave them the management responsibility of the plant they had, but at that point both the ownership of the property and the ownership of the management company itself passed to the Electric Boat Company under arrangements which were fully approved by the documents which have been placed on the record by Mr. Gavsie. I review this picture in this way for the reason that Canadair was not some remote company newly come into the deal, Canadair was a company which was part of a general sequence of management arrangements approved by the government and later brought about by the government, and therefore the activities of Canadair are matters of very direct concern to this committee in dealing with this item and various items related to it in the public accounts. One of the entries referred to in the discussion this morning is an entry in what I assume responsibility for saying is an audited statement presented to the shareholders of the affairs of Canadair.

The CHAIRMAN: Would you mind giving us, I mean the committee, the date on which this statement was made public? I think you said that this amount of estimated profits of \$700,000 odd was for the year 1944/45. What is the date of the report itself?

Mr. DREW: I will get that information for you. This was a statement sent to all the shareholders, or rather to the directors of Canadair Limited, Montreal, Quebec, by Haskell, Elderkin & Company, chartered accountants, Royal Bank Building, Montreal, on the 13th of May, 1946.

Mr. CRUICKSHANK: Who were the directors?

Mr. CROLL: Now, just a minute, George; the chairman has asked the date on which the statement was published. I don't think you have answered that, Mr. Drew.

Mr. DREW: This was made public to the extent that it was published to the directors as of that time.

The CHAIRMAN: It has never been a public document, the company never issued that as a financial statement?

Mr. DREW: This was not.

The CHAIRMAN: What I am getting at is, it was never published.

Mr. DREW: This is not a company whose shares were being traded in on the exchange.

The CHAIRMAN: So it is just a private document to a private company.

Mr. DREW: It is a private document to an incorporated company.

The CHAIRMAN: But that was a private company.

Mr. DREW: I am not prepared to say that it was a private company.

The CHAIRMAN: While it may have been operating a government owned plant it was just the same a private company.

Mr. DREW: But, Mr. Chairman, it was a company that was organized with the knowledge of and was part of the general transactions with the government. As Mr. Gavsie has told us, it was organized for one purpose and one purpose alone and that was to exercise management authority over the crown property at Cartierville.

The CHAIRMAN: But the crown had nothing to say in connection with the company in the way of control of shares or management of that particular company. If the government had any shares in that company I would like to know it.

Mr. DREW: Mr. Chairman, lets not start playing with words.

The CHAIRMAN: I am not the one doing that.

Mr. DREW: The government was not putting the management of a property that had cost approximately \$22 million under the management of a company about which it knew nothing; of course it knew, and of course it knew perfectly well at the time it placed the management in the hands of Canadair on November 11, 1944 who the company was, otherwise it would have been remiss in its responsibilities.

The CHAIRMAN: Of course they knew, but at the same time this was still a private company and this is a statement which was issued to the directors of that private company as of the 15th of May, 1946.

Mr. CRUICKSHANK: It was a private company so what about it.

Mr. DREW: I was, of course, asking a question, and if the question is not to be answered, that is quite satisfactory to me. The principal reason why I suggested the calling of Mr. Franklin was because this was a company in which Franklin was related, the individual concerned with the corporate arrangement, and I think that Mr. Franklin should be here. For these reasons I am now speaking to my motion before the committee. Mr. Scully has indicated quite clearly that he knows something of the intimate details of this whole transaction. He knows all about the inventory, and I think we should know what part of the inventory was not manufactured and made up at Cartierville and what part of the inventory acquired from war assests in Chicago was manufactured parts.

Mr. MAJOR: Mr. Chairman, I would point out that there is a motion before the committee. I think Mr. Drew had made a motion that we call this man.

The CHAIRMAN: Yes, a motion was made that we call him as a witness.

Mr. DREW: Yes, I made the motion, Mr. Major. The situation is this: we are dealing here with property that is crown property that enters into these public accounts. We are not dealing with some remote private company. Canadair did not own this property at the time it was covered by the public accounts.

Mr. CROLL: You are dealing now with war assets that were entered in the public accounts?



Mr. DREW: We are dealing now with transactions that should be understood in connection with this whole matter. Now, the inventory to which I referred was made up in part, and I suggest in very considerable part, of material in actual fabricated form and had been acquired at Chicago from the United States War Surplus Commission.

The CHAIRMAN: I am sorry to interrupt, just a moment. In order to clear the matter up the inventory which you referred to—was that the figure shown in the assets of the company at \$18 million?

Mr. CROLL: I think it was \$1,790,000.

Mr. DREW: No, \$3 million.

The CHAIRMAN: I mean, that is a matter of considerable importance.

Mr. DREW: Mr. Scully gave us that.

The CHAIRMAN: That is all I wanted to know, and that inventory we are speaking about related to 1945.

Mr. DREW: That is the figure, \$3,886,821.10, which was given to us this morning by Mr. Scully; but of course I would point out that in relation to the whole transaction there was a considerable part of the material in the North Star partially completed items which were placed at a figure of \$5,859,138.74 on which some of the parts to which I have referred might have been used. Now, what I am pointing out is this, that these fabricated parts were not aluminum in bulk, were not metal in bulk of any kind, they were fabricated wing structures, they were fabricated body structures, and, according to Mr. Scully, they were acquired from the United States war assets organization.

The CHAIRMAN: Just a moment, please, excuse me; how would that materially alter the situation or justify the calling of Mr. Franklin? I am trying to relate your request to the facts.

Mr. DREW: I am speaking to the motion, if you will just let me follow through.

The CHAIRMAN: That is what I have been doing for a long time.

Mr. DREW: And I may be some little time longer. We are dealing with a matter of \$20 million out of the \$24 million of unpaid accounts at the time it was transferred to War Assets. The point I am trying to make is this, that these were not purchased at the ordinary retail price, not as pieces or parts or anything of that kind; but, as Mr. Scully has pointed out to the committee, they were obtained in one lot at a price per pound which he thinks was in the close vicinity of 10 cents per pound. Now, there is no one here who has any knowledge at all, and it is common knowledge that the price of 10 cents per pound is only an infinitely small fraction of what the cost of these pieces would be from the point of view of an ordinary industrial process; and, of course, one is naturally interested in the disposal of war assets, and I have asked what the arrangements were under which this was bought. I have referred to the item in the statement presented to the directors where a profit of \$712,000 is shown as payable from the dominion government in relation to the contract. And one thing I want to know is whether in addition to the fee earned, the management company, Canadair—which was really Mr. Franklin in corporate form—the company was making some deal in connection with this; and whether Mr. Franklin bought this material at 10 cents a pound in Chicago, or whether he bought it at a lower figure and resold it at a profit to Canadair.

Mr. CROLL: On that point, Mr. Scully very positively said there was no increase, it was sold at cost.

Mr. DREW: Mr. Scully, do you say that from your own knowledge the price paid—and listen to my question carefully—do you say from your own knowledge that the price paid to the United States War Assets Corporation in Chicago



was the exact price charged to the Canadian government for that war surplus, for these war surplus parts of D.C. 4's which were brought to Cartierville?

The WITNESS: Yes.

Mr. DREW: You know that from your own knowledge? You can from your own knowledge give us the exact payment per pound paid for this material?

The WITNESS: I can get that for you.

Mr. DREW: Yes, you can get it, because if you know the one you would know the other.

The CHAIRMAN: I would like to point out that these gentlemen have said that many of these documents are stored away and they have been trying since yesterday to get documents and data going back to 1944.

The WITNESS: I wonder if Mr. Drew would permit me to add something on this point which might help clear up the question he raised. At the time, this was the 11th of November, 1944, there were in process at this plant large orders from the United States government, from the Canadian Air Force and from Consolidated Vultee for P.B.Y.'s, and for P.B.Y. components that were built into them. This is the work they were doing. The contracts were carried on up until I think it was August of 1945, and Canadair as manager of the plant was entitled under the terms of its contract to a profit, in common with other management companies, or the same as any other company that worked for the government that way. Under the arrangement the company was required to compute what it believed its profits to be, but those profits were never determined until a cost audit had been completed. Our investigations started in September, 1946, and negotiations were completed to wind up as of September 14, 1946, and at that time the company waived its rights to management fee or profit arising out of such contracts, regardless of whether they had done any work under such an agreement prior to that date, or of the date when they earned the fee. I cannot see anything very seriously wrong with the fact that the company could compute at one point of its program its estimate of what it was entitled to and that the government would have no record on the other hand of what the company might be entitled to.

Mr. DREW: I am just trying to get the facts, but when you talk about Canadair waiving their claims to certain profits, there are good reasons why they might waive their claim. This is a company which was formed with a nominal capital of \$10,000 and when these negotiations began the Electric Boat Company, prior to the time this deal was completed, exercised its option and issued supplementary letters patent increasing the shares of Canadair, the management company, from 10,000 shares to 2 million shares; and the Electric Boat Company paid a very substantial figure for those shares; and naturally they had every reason to waive such profits because this was all part of one transaction. Do you know what the Electric Boat Company did pay for the shares of Canadair?

Then, if you do not, you see, you do not know the balancing figure which was a very substantial figure as announced in the press; it would have a very important bearing on what they were prepared to waive. Can you tell me this: this is a new angle; Canadair instead of a single man was managing Crown property, of which every stick and pencil was owned by the government. This corporation was Mr. Franklin. Do you mean to say that that man, as manager, was in a position where he or his corporate entity could make profits out of contracts that were made for the rehabilitation or reconstruction of P.B.Y.'s or Catalinas, and other ships of that kind?

The CHAIRMAN: The same as Vickers would have done, when they were managing the property.

*By Mr. Drew:*

Q. No, no. All the contracts have been produced, the contracts between Canadair and the American principals who made the arrangements for the rehabilitation of these aircraft.—A. Contracts between Canadair and the government.

Q. So you say that this manager who, according to these figures, was receiving something in the neighbourhood of \$20,000 a year was, in addition to that, out of property entirely owned by the government, in a position to make a profit on any arrangements he made for the rehabilitation of aircraft for the United States or for other governments, or for private individuals.

The CHAIRMAN: His company, not himself; Canadair Limited.

*By Mr. Drew:*

Q. That is right, this company with \$10,000 capital. But remember that every piece of that property was owned by the Canadian government. They did not own anything. Yet you tell me that that management company was in a position where, with the property of the Canadian people, given a book value at that time of \$22 million, they were able to make a profit on things which they repaired for other people in that time?—A. The contracts show that very clearly.

Q. Do you know what the profits were? So that the situation is this: that the government made a contract arrangement to put a man in charge of the plant with a book value in the public accounts of \$22 million, and let him go ahead and make these details with outside people, without any knowledge of what profits he made?—A. The profits to which this company would be entitled could not be computed until the cost data were completed. When the arrangement was made to dispose of the plant the company agreed to waive its right to profits, and it became unnecessary to compute what the profits were which they would have been entitled to.

Q. Those were all parts of the transaction. We are dealing now of course with only what the net charges were. The figure I mentioned of \$722,000 does not relate to one cent of profit in any contracts with any of these outside people. That is a claim for work done for the Canadian government.?

*By Mr. Croll:*

Q. Let me see if I can clarify it. When the United States government wanted work done during the war, how did it go about it?—A. They placed orders through the Canadian government.

Q. You say they placed orders through the Canadian government. I see. So the sum which Mr. Drew had reference to may well represent a claim against the American government for profits or for certain profits due to them for work done by them?—A. If it includes any profits in respect to the American contract, yes.

Q. You say it may include them?—A. I do not know what it does include.

Q. I appreciate that. Let us make clear for the committee's consideration the fact that any contract given to Canadair came through one or other of the governmental sources?—A. Yes.

Q. And the United States placed its orders through the Canadian government?—A. There was a Canadian crown company in Washington for the purpose of processing these things.

*By Mr. Drew:*

Q. For whom are they processing the DC-3's.—A. I was referring to the P.B.Y's.

Q. You referred to a number of aircraft.—A. No, excuse me. I referred to the contracts in process at the 11th of November 1944 for P.B.Y's and parts of P.B.Y's being made for the American government and the R.C.A.F. and Consolidated Vultee.

Q. There were other contracts in addition. I think you stated that one of the things which increased their business was the fact that as a result of the Berlin airlift, it became necessary to rehabilitate a large number of machines, and this brought them a very profitable business.—A. That was after arrangements had been made and the plant was disposed of on lease. All the contracts were tabled in the House.

Q. These contracts for the rehabilitation of machines were not tabled in the House.—A. I think they were, not the contracts themselves, but the list of the rehabilitations.

Q. It gives a summary of the machines dealt with but it does not give a word of the contract. It just says so many P.B.Y's or machines of other types, and when we come to DC-3's being rehabilitated you are aware I have no doubt that in that case the company was not using new material to a great extent which it had fabricated, but that it was using things acquired through the Oklahoma purchase.—A. Yes.

Q. Could you give us some details?—A. I am afraid I cannot say anything more about it than I had to say about the Chicago purchase. It was of the same character, a bulk purchase at a bulk price of surplus material owned by the United States Assets Corporation.

Q. Please correct me if I am wrong, but it is correct, is it not, that the Canadian government purchased through agents, whoever they were, war surplus parts of DC-3's at the Oklahoma branch of the United States War Surplus organization. Is that right?—A. Yes.

Q. And those parts were such things as wing structures, general body structures, and so on, incidental struts and other pieces that go into the construction of DC-3's; and they were fabricated in the form of aluminum as is the ordinary case?—A. I would think so.

Q. You know they were in fabricated form?—A. They were parts.

Q. They were not bought as they would be bought from the Douglas Company at so much per part. Rather, they were bought by weight?—A. I think so.

Q. But do you not know?—A. I am not positive of the Oklahoma purchase, but I think it was a somewhat similar arrangement.

Q. You can check up on it, can you not?—A. Yes.

Q. Do you remember the price per pound paid for these parts in the Oklahoma purchase?—A. I think it was the same as the other, but I would have to check both of them.

Q. You have had enough contact with this to know, Mr. Scully. Take for instance a wing structure, an aluminum brace wing structure. If that structure were bought at 10 cents a pound, it would only be an infinitesimally small fraction of the cost of that wing structure if fabricated as part of an internal industrial proposition, or if bought direct from the plant manufacturing or assembling it. It would be a very small fraction?—A. Yes.

Q. And those were parts going into the construction, substantially in the case of the Chicago purchase of the DC-4's or the North Stars. That is right?—A. I would not say "substantially" in case of the North Stars.

Q. Are you in a position to determine to what extent?—A. No.

Q. Who could give you that information?—A. I do not think that information could be got. I do not know who could give it.

Q. It has a very direct bearing on it because if, for instance, up to a certain point all the structural material of the DC-4-M's or North Stars was made up of parts bought at 10 cents a pound as war surplus in the United States, then the cost of that aircraft would be only a very very small fraction of the cost of an aircraft fabricated within the plant with the ordinary procedures, or



through purchase of fabricated parts from the parent plant. Is not that so?—A. I am not enough of an engineer to answer your question. I would think that the designation of the DC-4-M's would indicate that a large part of the structural parts could not be used. I think the DC-4-M was a modified form of DC-4 and that it had an entirely different wing structure.

Q. To the extent there were certain changes in the forward structure to accommodate the Merlin engine instead of the Pratt and Whitney.—A. It was a different wing. It had to be to take the Rolls engine.

Q. If you have visited the plant you have seen those wing segments fabricated for that purpose.—A. Some of them, yes.

Q. It is not a case of being an engineer. You have quite frankly and very properly stated that wing structures and other parts of that kind bought from War Surplus at 10 cents a pound would cost only an infinitesimally small fraction of what those same things would have cost if bought from Douglas, or fabricated in the plant by ordinary industrial process. I think you stated that quite clearly.—A. I think so.

Q. All I point out is that for that very reason, inasmuch as those war surplus parts were employed in the construction of the DC-4-M's to the extent that those parts were included, they would only be a fraction of the cost of parts put in in the ordinary industrial process.—A. I think so.

Mr. ASHBOURNE: Would it not depend on the amount of cheap parts used in the construction of the aircraft? If you bought so much scrap at a cheap price, that does not mean to say that all that scrap would go into the airplane. And if you had to use higher priced stuff, it would serve to put up the price of the plane.

*By Mr. Drew:*

Q. I want to know exactly how much was bought in the Oklahoma purchase and how much was bought in the Chicago purchase. The break-down should be a very simple thing, giving so many wing structures, and so many parts of various kinds. Could you not obtain that from your records?—A. I doubt it. I doubt it very much.

Q. Then how could your cost accountants check the cost of this material as government property?—A. All this happened over six years ago.

Q. Yes, but accounts are kept for six years.—A. I do not know. You are talking about records of the plant. I do not know whether or not those records are available. If they are there, they are. But if they are not, they are not.

Q. It was a government operation, not a private operation. Canadair did not own this property.

The CHAIRMAN: Canadair at the time was owned by private interests.

Mr. DREW: I repeat, Canadair did not own this property. This work was being done in government property and the government was paying for these aircraft. The cost of the aircraft can only be determined by knowing what was paid for the parts which went into them. I am perfectly certain that the books would not have been destroyed or removed from ready access within a period of five years. We are not talking of six years. This whole program only got under way on November 11, 1944. You do not suggest really that these books of government transactions would not be fully available.—A. I do not know.

Q. Would you find out?—A. I shall be glad to. I would like to say, however, that these purchases were bulk purchases. You suggest there may be a list of hundreds of thousands of items bought by the carload. I doubt very much if such a list ever existed or if it exists now.

Q. I have sufficient confidence in the accountants of the Civil Service to be perfectly certain that they insisted upon sorting those things. In fact, I saw them actually in different groups. And I do not believe for one moment that there was not a list of them because how would anybody know what parts were available to complete an aircraft unless they did sort them?

*By Mr. Croll:*

Q. That is not what Mr. Scully said, as I understood it. And what Mr. Drew has said about seeing them sorted would be quite right. At the same time, they would have to know what they had. You said that both the Chicago and the Oklahoma deals were bulk purchases in the same manner as we sold war assets, on a take it or leave it basis. There it is.—A. That is right.

Q. Sometimes you take it at a profit and sometimes you take it and suffer a loss.

Q. And there was a considerable amount of it.—A. Carloads of it.

Q. Carloads of it; and what you said was that the items were not identified, but were taken in bulk. Mr. Drew suggests that they were identified at a later date. That may be quite right.—A. I do not know about that.

Q. Have you ever seen the books of Canadair?—A. No, sir.

Q. And during the time that Canadair was operating, did you have a man in there to ascertain for your purposes the cost of aircraft to you?—A. Yes.

Q. I have one more question. If I had come along at that time, or any one, and offered a contract to Canadair for aircraft of any kind, a contract to improve them or assemble them, would they have been in a position to take it?—A. I am not sure.

Q. I am given to understand that they were limited to taking governmental jobs.

MR. GAVSIE: No. They could take outside work. That was all part of the operation of the plant; and they were entitled to a reasonable fee for the work that they did. All of this was to be determined. Now, the profits on the sales were part of the operation and were all accounted for; and when the time came to determine what part of the profits of the operation the company was entitled to, the agreement was that the company waive its rights to any profits that it was entitled to notwithstanding the fact that in 1944 when they went in as managers, and the agreement was made, it was stated that they would be entitled to a fair and reasonable profit for the work they did.

MR. DREW: Have you got a copy of the management contract between Canadair and the government?

MR. GAVSIE: Yes.

MR. DREW: Would you please supply a copy for the record? I suggest that it be entered at this point, and Mr. Gavsie can bring it up on the next occasion.

See Appendix "A"

MR. MAJOR: When bulk purchases were made, I take it that in those purchases there would be material which would be useful as well as material which would not be useful.

MR. DREW: This naturally grew out of certain things which followed by remarks in regard to my motion. I would point out that since Mr. Scully is not in a position to say what was purchased, that it indicates all the more why Mr. Franklin is the man who can give information on the point because this information goes right up to the most recent transaction. One of the items handed over was some \$3 million odd of general inventory which includes some part, whatever it was, of those things that were bought either in the Chicago or in the Oklahoma purchase or both; also North Stars in the course of construction, which, by the evidence given, would clearly incorporate as well some of these parts. That being so, and in view of the fact that this transaction was a transaction relating to future construction by a new company, the Electric Boat Company, through its agency, with the Canadian government, I think it is important to know exactly what this inventory was. I think we should know how much went into these 44 aircraft contracted for and how much went into the actual material bought as war surplus and which was not material made

in the plant at all. It has a bearing on the price; and when you take that price of \$660,000 it is important to know how much of what went into that was from material bought at 10 cents a pound, a ridiculously low figure. I am satisfied that the committee should have information as to what the inventory was that made up these two figures because it certainly must have been reduced to some exact form. If they handed it over to the Electric Boat Company you can depend upon it that an inventory was taken and on an exact basis when these figures were entered. And I think it is quite clear that the only man who can give us that information is Mr. Franklin. He is available, and I have moved that he be called before this committee with all the records which relate to the aircraft and to the matters we have under discussion in this transaction.

The CHAIRMAN: Are you through with your statement, Mr. Drew?

Mr. DREW: Yes.

The CHAIRMAN: Does any other member of the committee wish to speak to Mr. Drew's motion?

*By Mr. Prudham:*

Q. Could we have the dates of those bulk purchases, the Chicago and the Oklahoma purchases?—A. I have not got them here, but I could get them.

Mr. CROLL: I think we have to review the situation in order to get some things in mind other than what Mr. Drew has in mind. What seems to be concerning Mr. Drew is the fact that bulk purchases were made at what we might term a real bargain. Everyone agrees. He may suspect—I do not know whether or not he does—that there was some hoisting of the price in between the time it was sold by the United States War Surplus and the time it reached Canadair. I do not know anything about that. In any event, what we find here is that Mr. Drew has an audited statement undoubtedly given to him by one of the directors of Canadair some time about the 15th of May or thereabouts in 1946. It has nothing at all to do with us. It is a statement by a private corporation to which Mr. Drew has a perfect right, but it has nothing to do with the witness, and it has nothing to do with the government. The company may have had some dealings with the government but there are thousands of companies which have dealings with the government about whose financial statements we have no concern at all and we should not even be troubled with them under any circumstances.

Mr. Drew suggests that we call a man who is now, for all purposes, a corporate body, and he suggests that we should delve into the business of a private company. I think the committee should consider for a moment just how far that carries us because it is open to the widest sort of abuse and I think it is a very dangerous precedent for us to establish. Here we have a statement in a balance sheet made for a purpose and under circumstances we know very little about. It may have been made by Canadair in view of the probable negotiations with the Electric Boat Company in connection with their assets. It may have been made for the purpose of obtaining credit. Or it may have been made for any one of a dozen purposes. But it certainly does not concern us. We do know that what happened was that the government finally looked at that balance sheet, the \$712,000, as though it had never even appeared there; and Mr. Gavsie used the term "*ab initio*". Here we are in a position of dealing with something which does not concern us in the slightest. We are looking for a little man who really is not there because when we come to face up to it, it does not concern us.

Mr. DREW: That little man was there.



Mr. CROLL: No. The minute we look at him in daylight, the little man disappears as if he never existed. And the contract is a closed contract and it says so. Now, are we not now dealing with something that we never paid, something that we had no intention of paying, something we knew wasn't there. Mr. Drew says it was there. I don't doubt his statement at all. But how does it concern us; and, Mr. Chairman, I can only say that if we call this man or any other man in similar circumstances it is not a matter of the committee sitting a great length of time because the committee can sit as long as it is necessary, but there is no stop; you are then going about as far afield as you can possibly go. I think it would be a very serious mistake, particularly since all that we will be doing in the circumstances will be fishing and fishing, in the mere hope that in muddled waters something may be caught. I am satisfied, as I say, because Mr. Scully has said definitely that we paid for these surplus war assets exactly what it cost Canadair and there was no individual made any profit and there was no hoisting of the price.

The CHAIRMAN: And we know, because they were all audited.

Mr. CROLL: That is what he said. They paid the price at which they were purchased, and under those circumstances I think we would be setting up a dangerous precedent in dealing with related private corporations, and I do not know where it would end at all.

Mr. LARSON: Mr. Chairman, in view of the fact that the accounts of this corporation have been audited, and also in view of the fact that Mr. Sellar did not attract the attention of the committee to anything arising out of his audit of the activities of this corporation, I cannot understand the necessity of calling Mr. Franklin, nor can I see the necessity for going into the operations of private corporations of this kind whose assets were entirely taken over by the present operating company.

Mr. DREW: But Mr. Sellar didn't audit this.

Mr. FRASER: But, Mr. Chairman, there is a matter of principle involved in this. This was a government plant.

The CHAIRMAN: I know; the plant was owned by the government but the company operating it was a private company and the statement to which Mr. Drew has referred was never given to the government or the public of Canada, it was merely a statement by the company's auditors given to a few members, directors attending a directors' meeting dealing with the operations of the company. Under the agreement which Mr. Scully mentioned, they would have been entitled to certain fees for work they have done for other interests and they were entitled to estimate the amount of profit they considered was coming to them on account of such work. There is nothing wrong in that.

Mr. FRASER: But this was a government company and it is of interest and concern to the Canadian taxpayers.

The CHAIRMAN: But I do not think it usual or compulsory to give the operating figures of a private company to the taxpayers, to the general public. This was a private company managing a government operation.

Mr. FRASER: But it is a different proposition entirely.

The CHAIRMAN: Not at all.

Mr. FULFORD: I think a very important principle is involved here. If you are going to bring in one man you will have to bring in the whole board of directors—there would be no limit to the number of people who could be brought in.

Mr. JOHNSTON: Just while listening to this argument—and I am very interested because it involves a large amount of money—from an impartial point

of view I cannot see anything wrong in delving into every angle of interest in it and ascertaining exactly what amount of money was spent on these contracts.

The CHAIRMAN: We know the exact amount. It has been given to us.

Mr. JOHNSTON: This company was a management company managing a property which was owned by the Canadian government and it seems to me that it is proper to go into every phase of that work which they were managing for the government. Approaching this matter from an impartial viewpoint I cannot see anything wrong in calling this man. I think if he is called here and if he starts to go into matters which are not directly concerned with these contracts the committee will see to it that he does not go too far afield. That is a matter which can be judged at that time, and until that witness does appear here I do not feel that we are in a position to make a competent decision as to what really happened and I think we should not leave anything undone. That is my view. If there is any doubt about the matter at all I would like to see it cleared up once and for all and have the matter settled to the complete satisfaction of all members of this committee.

Mr. LARSON: Does Mr. Sellar have access to the government part of these transactions?

The WITNESS: Mr. Sellar is the Auditor General.

Mr. LARSON: And Mr. Sellar picks out a little item of \$14,000 to bring to our attention out of this whole immense transaction involving upwards of \$20 million. Apparently Mr. Sellar found that it had been operated satisfactorily, and in view of that situation I do not see how it can be questioned.

Mr. DREW: Is Mr. Sellar here?

The CHAIRMAN: No.

Mr. DREW: He could answer for himself whether he audits these accounts or not.

The CHAIRMAN: Nobody would suggest that he audited the books of Canadair. He would be concerned with the government's investment in the plant and with the government assets, that is where his audit would apply.

Mr. THATCHER: May I make a statement, Mr. Chairman? I think if there is any doubt at all this man should be brought down here. I think the government would be making a mistake if they did not let him come.

The CHAIRMAN: It is not for the government to decide but for the committee itself to decide what it wants to do.

Mr. THATCHER: Well then not the government, the members of the committee. After all, this is a private corporation.

The CHAIRMAN: Are there any other comments?

Speaking as a member of the committee, I think that the request rests directly on the point of whether this audited statement circulated to the directors of the company, containing the item in question, \$712,000 odd, expressed merely the estimation of expected profit for management.

Mr. DREW: That is not what it says, it says profit due from the dominion government.

The CHAIRMAN: But that claim to estimated profits was waived at the time of the new agreement.

Mr. DREW: They have not been audited.

The CHAIRMAN: We have the evidence of Mr. Gavsie as to that.

Mr. DREW: That is what is in the statement here. I am reading from the auditors' statement.

The CHAIRMAN: I mean, that was never accepted by the Canadian government; the government had never assessed these estimated profits at all. The

company figured that that was the amount due to them as a result of carrying out certain contracts. We have had the evidence of witnesses that when the deal was finally put through this estimate of profit was waived and that amount was not paid by the government. That is all supported by the evidence of competent witnesses. Personally I do not see any reason for us to delay our work in order to get Mr. Franklin's views on that particular situation.

Mr. JOHNSTON: But in that statement supplied to the directors of Canadair by their auditors there is an item of \$700,000 profit.

The CHAIRMAN: But that was merely a statement which the auditors of the company sent to the directors of the company as being according to those auditors the amount estimated to be owed by the Canadian government to the company, but it has never been recognized as being owed by the government at all.

Mr. JOHNSTON: All right, you say, and the government officials say, that that was never paid.

The CHAIRMAN: No, that was never paid. That was all explained by Mr. Gavsie.

Mr. GAVSIE: It is not a question of the interpretation of the statement, the agreement speaks for itself and shows what was done.

Mr. DREW: Yes, it has been waived as a part of the general transaction, as pointed out, but they sold their stock for a very big figure.

Mr. JOHNSTON: My point is this: while the government never paid the amount it is shown as a profit claim in their auditors' statement, and I think our concern arises out of the fact that it is in their published statement.

The CHAIRMAN: It is in their private statement to the company—

Mr. JOHNSTON: Just a minute now, just the fact that it is in that statement makes it important for us to hear Mr. Franklin. He would be the one who would be in a position to tell us all about it both from his own and the public point of view, as to whether they received that money directly or in some other way.

The CHAIRMAN: It was never received by them. May I ask a question too: Is there anything in what has been said this morning which indicates or proves that this estimated amount had been paid by the government?

Mr. JOHNSTON: No. We have had the contract produced here, and it was also officially produced and tabled in the House long ago, which shows that any profit the company might have had a right to claim had been waived. That is a definite and positive statement.

Mr. CRUICKSHANK: I think your remark there is wrong, Mr. Johnston; it is not the government dealing with this, it is the committee.

Mr. JOHNSTON: Oh well, they are doing it on behalf of the government.

The CHAIRMAN: No they are not. They are here as competent witnesses, able civil servants, and they have given us clear positive answers.

Mr. JOHNSTON: Well, I am not going to argue about it. But I will say this, that I think we would be remiss if we failed to have Mr. Franklin here to give his side of the proposition the same as we have had the other side.

The CHAIRMAN: That brings up another point. In other circumstances are we going to bring private citizens here to comment on statements which have been made by government officials? Furthermore, what is the value in bringing this man Franklin here when we know the government has not paid this amount. And, in addition to that, this is not an official document, it is a private document.

Mr. JOHNSTON: I am not satisfied with the way the thing stands now.



Mr. PRUDHAM: Mr. Chairman, there has been a lot of argument about this auditors' statement and the amount of profit in it which we are told has never been paid to that company. Mr. Drew says he has it. Are we interested in that?

The CHAIRMAN: Of course, the document would have to be produced.

Mr. DREW: I am suggesting a way in which you can have the statement brought before you and proved, and that is by bringing Mr. Franklin here.

Mr. PRUDHAM: Well then, why not produce it.

Mr. DREW: You are just trying to cover up in this thing.

The CHAIRMAN: That is another of those wild statements that you on occasion make. They have been weighed by the people of Canada who have given them due consideration and aptly did not believe them.

Mr. DREW: I have this auditors' statement here. All you have to do is to have Mr. Franklin here and Mr. Franklin can be here in twenty-four hours.

The CHAIRMAN: We do not know that it is an auditors' statement. The witnesses said the government never paid this amount which this company assumes was owed to them. We have had evidence from the witnesses that it was never paid.

Mr. THATCHER: What are you arguing about now?

The CHAIRMAN: I am not arguing about anything.

Mr. PRUDHAM: Mr. Chairman, a statement has been made that we are trying to cover up. I request that that statement be withdrawn.

Mr. DREW: I will not withdraw it unless you support this motion.

Some Hon. MEMBERS: Oh!

Mr. CRUICKSHANK: That is one of the reasons why I shall vote against your motion.

The CHAIRMAN: That is the kind of statements one has come to expect from Mr. Drew and when they go out in that form fortunately few people believe them as was shown a year ago.

Mr. DREW: That is the kind of a remark that keeps this committee in an uproar.

The CHAIRMAN: It is the kind of remark that you make all the time.

Mr. DREW: Well, get this quite clearly, we are dealing here with the statement of the auditors and we are dealing with this big inventory of articles that were purchased from the U.S. war assets sales at Chicago and Oklahoma, and Mr. Scully has told us, Mr. Gavsie also, that they haven't got the detail of it; and the man who could tell you all about that, something involving millions of dollars, with full details of the transaction, is Mr. Franklin. All you have to do is to bring him here to explain the operations of this company.

Mr. CROLL: But we have Mr. Scully's word for it that no profit was made on the deal.

Mr. DREW: But he says he does not know.

Mr. CROLL: Just one minute. Mr. Scully said this, that he got the parts for the same price that they paid War Assets Corporation. That is what Mr. Scully said. Is there any doubt about it in this committee? What is the purpose of the suggestion that there may have been something underhanded when Mr. Scully said that his cost auditors on the job definitely know what was paid for these articles and state they were charged in at exactly the same price, that there was no profit involved. There is no doubt about that.

Mr. DREW: All right, you have asked the question. Now, with regard to your suggestion that there has been any suggestion of anything underhanded, if you will take the time carefully to read the record you will find that there was no such suggestion.

Mr. CROLL: All right.

Mr. DREW: What I said was this: Mr. Scully was very clear in saying that this was all bought as war surplus and according to his recollection the figure paid at Chicago—he is going to check up on this for us—was 10 cents a pound; and, as anyone knows, that price would be only a small fraction of what these parts would cost produced in the ordinary industrial manner; and what I am urging is that it is important for us to know what these parts were that were included in this inventory and to what extent those parts were made up out of the war surplus material for which we paid 10 cents a pound.

Mr. PRUDHAM: Do parliamentary rules apply to this committee?

The CHAIRMAN: What do you mean?

Mr. PRUDHAM: Do they?

The CHAIRMAN: Generally, yes.

Mr. PRUDHAM: Then that remark of Mr. Drew's is not parliamentary and I would ask that it be withdrawn.

Mr. DREW: To what remark of mine are you referring?

Mr. PRUDHAM: About that covering up.

The CHAIRMAN: I know we cannot expect him to do that but I personally attach no importance to it. Now, gentlemen, the question is on the motion by Mr. Drew. I haven't got his motion in writing—

Mr. DREW: I will be very happy to write it out.

The CHAIRMAN: But it is, in general terms, that the committee call as a witness Mr. B. W. Franklin. All those in favour of the motion kindly indicate in the usual manner?

Those opposed?

I declare the motion lost.

Are there any further questions from these witnesses?

Mr. DREW: Yes.

*By Mr. Drew:*

Q. Mr. Scully, you have in your possession records, have you—first of all the documents in connection with Canadair, they are all available to you, are they? That is they are in the possession of the government?—A. What do you mean by all documents?

Q. All documents that are in the possession of the government in connection with Canadair.—A. I would have access to whatever documents there are.

Q. Well then, will you produce the first letter that was written, or the first exchange of correspondence or the first memorandum which indicates the opening of negotiations between the minister, perhaps I had better say Mr. Howe, or any other minister with the Electric Boat Company?

The CHAIRMAN: I doubt very much if a civil servant would have access to or could produce a document which is the property of a minister of the crown. I doubt that he would have authority to do so.

Mr. DREW: Unless it is confidential it would be in the department.

The CHAIRMAN: What he knows about departmental correspondence would be quite all right, but when it comes to personal correspondence with a minister of the Crown, if there is any, I doubt very much whether this witness would be in a position to produce such material.

*By Mr. Drew:*

Q. I would point out, Mr. Chairman, that this was public property and therefore, except to such extent as there might be confidential correspondence of a personal nature, all correspondence and related material is public property.

—A. The first communication I have is the one which was placed on the record, the letter of **January 20**.

Q. That was not the beginning of the negotiations.—A. It was the beginning of the written negotiations.

Q. Mr. Scully, you indicated that it was in September of 1946 that you were instructed to proceed with these negotiations which had already been going on with the minister, is that not right?—A. Yes.

Q. I am asking you to find out if there are available to you any records which are ordinary departmental records indicating the earlier negotiations in regard to the disposal of the government property at Cartierville to the Electric Boat Company.—A. We will check up the file..

Q. Now then, Mr. Scully, do you know whether any published advertisement ever appeared indicating that this property was for sale.—A. To my knowledge, no.

Q. Would you go farther and say that you know that there was not?—A. I would think that is right, sir, I do not remember. I think there was no published advertisement that this plant was for sale.

Q. Then, subject to your examination of that point and your checking of the records, your answer stands that there was no published advertisements to indicate that this property was for sale?—A. That is right.

Q. Do you know whether any notification was sent to any other aircraft company or to any other companies indicating that this property was for sale?—A. Not to my recollection, no. I would not necessarily know the answer to that.

Q. But you could check the files and find out, could you not?—A. Yes.

Q. In other words, what I am indicating to you is this: that there are occasions where for one reason or another there may be no published notification but a notification may go out to a selected list of those who by the very nature of their activities might be interested in an operation of this kind?

*By Mr. Croll:*

Q. What other aircraft companies were then doing business?—A. In Canada?

Q. Yes.—A. I know of three.

Q. Can you give us the names?—A. The A. V. Roe Plant at Malton; De Havilland at Toronto; Canada Car at Montreal, and a small one, Fleet, at Fort Erie, but I think it was about out of business at that time. And to my knowledge I think that was about all there were.

*By Mr. Drew:*

Q. Was there not a plant at Fort William?—A. Not then. That plant was building buses at that time.

Mr. CROLL: The Fort William plant would have got notice.

Mr. CRUICKSHANK: Mr. Chairman, I do not think I have taken up much time in this committee. I think I have only spoken twice. I do not believe that one member should have the monopoly. There was one remark which I heard which I do not like. It was: "government witness". We have civil servants before us answering questions to the best of their knowledge and ability, giving honest answers to questions asked by members of the committee. I want to emphasize particularly that I do not know any of the gentlemen before us, but I do believe that they are giving answers to the questions asked to the best of their knowledge and ability and in an honest and fair manner.

Mr. JOHNSTON: They are giving evidence on behalf of the government.

Mr. CRUICKSHANK: No. They are civil servants.

Mr. JOHNSTON: You do not need to get excited over it.



Mr. CRUICKSHANK: I am not getting excited.

Mr. JOHNSTON: This is the first time you have been at the committee.

Mr. CRUICKSHANK: No. I was on the committee before you were elected.

Mr. JOHNSTON: Then you must have been here for a long time, because you are going back a long way.

The CHAIRMAN: Are there any further questions?

*By Mr. Drew:*

Q. Perhaps you, Mr. Scully, or Mr. Gavsie can answer my question. Have you in your possession a copy of any instructions given to Mr. Franklin authorizing him to carry on negotiations for the sale of the government property at Cartierville?—A. No, sir.

Q. Will you make a search of the records and see what you can find in that respect?

The CHAIRMAN: You said a moment ago that Mr. Franklin was the company, that he was Canadair itself.

Mr. DREW: That is right.

The CHAIRMAN: Now, Canadair is the one which bought it. He would not have been instructed to negotiate with himself?

*By Mr. Drew:*

Q. No, Canadair did not buy it. The Electric Boat Company bought it.

Mr. CROLL: From Canadair.

*By Mr. Drew:*

Q. No. The Electric Boat Company did not buy this property from Canadair. Canadair did not own one stick of this property. The Electric Boat Company bought the government plant.—A. No, sir.

Mr. GAVSIE: If you are going to be technical about it, that is not correct. Canadair bought it, according to the agreement which was read by us; and Electric Boat Company acquired 100 per cent control of Canadair Limited. And having acquired control, and having agreed to put up \$2 million by way of working capital, an arrangement was made with Canadair Limited and the Electric Boat Company to give them a lease-option of the plant. They took over inventories at cost and they waived fees and profits that Canadair were entitled to under the terms of the management agreement that they had from the government to the time that that agreement was dissolved, because they became the lessees of the plant and the manufacturers at the plant.

Mr. DREW: That is not a correct statement and it should not be allowed to remain on the record in that way. I now ask Mr. Gavsie to listen carefully as to whether this is not the sequence of events.

The government, according to Mr. Scully, had opened negotiations with the Electric Boat Company; and in September of 1946 he was instructed to continue negotiations from preliminary negotiations up to that point with the Electric Boat Company. Communications between Mr. Howe, as representative of the government in regard to this property, were with the Electric Boat Company. Mr. Scully yesterday in answer to a question of mine stated that the negotiations were all conducted by a representative of the Electric Boat Company and he gave his name. It was Mr. Hopkins.

The WITNESS: He was also an officer of Canadair.

*By Mr. Drew:*

Q. Afterwards, yes.—A. No, at that time.

Q. Mr. Hopkins carried on negotiations in regard to the acquisition of this property. As part of this general transaction, negotiations were carried on by the Electric Boat Company for the acquisition of the controlling stock of Canadair. That is right; is it not?—A. Yes.

Q. And the actual agreement for sale which was subsequently implemented was an agreement covered by order in council PC 930 of March 13, 1947.

The CHAIRMAN: That is a document which we have on the record.

Mr. DREW: That is the document, and that document is one in which the Electric Boat Company make the arrangements. Is not that right?

Mr. GAVSIE: Oh, yes, through Canadair Limited. The agreements are with Canadair; the over-all arrangement was made with the Electric Boat Company who were acting on the basis that they had full control of Canadair Limited. But the actual lease-option which has been produced is made with Canadair Limited.

Mr. DREW: Yes?

Mr. GAVSIE: Yes.

Mr. FRASER: Was not Mr. Hopkins the vice-president of the Electric Boat Company?

Mr. GAVSIE: There is no use in arguing about it. Could we have the copy of the lease-option agreement which has been produced?

Mr. DREW: Certainly. You have the agreement.

Mr. CROLL: Mr. Chairman, it appears to me now there is perhaps an explanation as to why there was this item of \$712,000. It could be that Franklin was trying to sell something to somebody else and was trying to puff it a little.

Mr. JOHNSTON: And all the more reason why we should have Mr. Franklin here.

Mr. GAVSIE: I would like to refer either to page 54 or 9-5 of the evidence where this agreement appears. It starts with:

File 14-C-274-1

PC 242/47

This Agreement made as of the 15th day of September, 1946.

Between: His Majesty the King in right of Canada (hereinafter called "His Majesty") herein represented by the Honourable the Minister of Reconstruction and Supply (hereinafter call "the minister") herein acting through War Assets Corporation (hereinafter called "the corporation").

Of the First Part and Canadair Limited, a corporation organized and existing under the laws of the Dominion of Canada with its principal place of business in the Parish of St. Laurent, Province of Quebec, (hereinafter called "Canadair").

Mr. DREW: What is the date of that agreement?

Mr. GAVSIE: The agreement is made as of the 15th day of September 1946. It is the agreement you referred to this morning when you referred to clause 7, and the basic price.

Mr. DREW: These transactions were all with the Electrical Boat Company, the sale to the Electric Boat Company. I think the Electric Boat Company would certainly be surprised to hear that they were not the purchasers. I think it would be helpful if I put on the record the printed Annual Report of the Electric Boat Company; and I would like to quote into the record a certain statement from it.

The CHAIRMAN: That is the statement of 1948?

Mr. DREW: This is the statement of 1948. As you will realize they did not complete the transaction whereby they went into the property until the spring of 1947. The deal was closed effective September 14, 1946, but it was not until March 1947 that the second order in council was passed completing the agreement between the Electric Boat Company and the Government of Canada and also an agreement with Canadair which had been acquired by the Electric Boat Company; and it then became a subsidiary of the Electric Boat Company. That was a general agreement presented to the government to carry on the manufacture of these machines for the government.

Mr. RICHARD: Is this a question asked of the witness or is it evidence, Mr. Chairman?

Mr. DREW: I was dealing with a statement made by the chairman.

The CHAIRMAN: I would like to get clear which of these documents was signed by the government and which was signed by the Electric Boat Company for the sake of the evidence. The document which we have here is with Canadair and not with the Electric Boat Company.

Mr. DREW: May I refer to it specifically? The document states:

His Majesty, through War Assets Corporation (or as the minister may direct), shall enter into a fifteen year lease-option with Canadair Limited with respect to the Cartierville plant, the equipment therein, and any equipment in the Noorduyin plant substantially as digested in schedule B annexed hereto.

And it goes on, and this is covered by a letter sent to Mr. John J. Hopkins, of 33 Pine Street, New York, N.Y., Vice-President of the Electric Boat Company; and the agreement is signed by C. D. Howe, Minister of Reconstruction and Supply, and it says:

We consent to the foregoing Canadair Limited by B. W. Franklin, President.

Mr. CROLL: What is the date?

Mr. DREW: January 25, 1947.

Mr. FRASER: In clause 12 it says:

Electric Boat Company undertakes to cause Canadair Limited to pass the necessary resolutions and execute the necessary documents to give effect to the foregoing.

*By Mr. Croll:*

Q. When did the Electric Boat Company acquire Canadair?—A. Control of it?

Q. Yes, control?—A. Actually, I do not know.

Q. Could you find out?—A. I think it would be very difficult to find that out.

*By Mr. Drew:*

Q. Mr. Franklin could tell us, of course.

*By Mr. Croll:*

Q. It is a private transaction, you say; and you do not know?—A. No, sir. I have no knowledge of that at all. All I know is that they contracted to acquire control of 90 per cent of the stock of Canadair.

Q. And on what date?

Mr. GAVSIE: The letter Mr. Drew referred to is dated Januray 20, 1947.

Mr. FRASER: No. It is dated January 25, 1947.



Mr. GAVSIE: Well, the one which I have is dated January 20. I read the first paragraph of this one this morning. This is Mr. Howe writing to Mr. Hopkins.

Mr. JOHNSTON: Who is Mr. Hopkins?

Mr. GAVSIE: Mr. Hopkins is one of the officials of the Electric Boat Company and one of the officials of Canadair Limited.

Mr. FRASER: He was vice-president of the Electric Boat Company according to the letter.

Mr. CROLL: All right. Let us get on with it. We know that he was not Harry Hopkins.

Mr. GAVSIE: Item 1 reads:

I understand that your corporation has arranged to acquire substantially all of the capital stock of Canadair Limited and will retain ownership of at least 90 per cent of such stock.

That is one of the documents produced.

Mr. CROLL: That was on the 20th of January and the agreement is dated the 25th of January. Is that correct?

Mr. GAVSIE: It is dated as of the 14th of September 1946, but it obviously was not entered into on that date. It was effective as of that date.

Mr. FRASER: Executed on January 25?

*Mr. Gavsie:*

Your corporation has agreed to provide Canadair Limited with \$2,000,000 working capital forthwith.

Mr. PRUDHAM: I think that is only ordinary, good, sound business procedure. When the government is selling a \$22 million plant to a company with very limited assets, it requires the parent company to come on the agreement. It is only ordinary sound business procedure.

The CHAIRMAN: It being 1 o'clock the committee stands adjourned till 10 a.m. tomorrow.

—The committee adjourned.

## Appendix A

File No. 11-C-3573

P.C. 8991

22/11/44

Agreement made as of the 11th day of November, 1944.

BY AND BETWEEN: His Majesty the King in Right of Canada (hereinafter called "His Majesty") herein acting and represented by the Minister of Munitions and Supply (hereinafter called the "Minister") Of The First Part and Canadair Limited, Montreal, Quebec, (hereinafter called "Canadair")

Of The Second Part.

Whereas His Majesty is the owner of an aircraft manufacturing plant (hereinafter called the "plant") located at Cartierville in the Province of Quebec, which, up to the date hereof, has been operated by Canadian Vickers Limited (hereinafter called "Vickers") as a separate and distinct unit of its general enterprise and known as its "Cartierville Aircraft Division" and Vickers has, up to the date hereof, produced therein airplanes and airplane parts and components and has overhauled, repaired and serviced the same under agreements with and letters of authority and orders from His Majesty and the Minister and third parties; and

Whereas by Agreement made between His Majesty and Vickers bearing even date herewith (hereinafter called the "Vickers Agreement"), a copy of which Agreement is hereto attached to form part hereof, duly initialled by the parties hereto for the purposes of identification, it has been agreed between His Majesty and Vickers, amongst other things:

- (a) that Vickers shall cease to operate the said plant;
- (b) that Vickers shall surrender and deliver up full and complete possession, use, enjoyment, control and operation of its entire Cartierville Aircraft Division as a going concern to His Majesty;
- (c) that Vickers shall cease the performance of any work in the said plant under any and all agreements, letters of authority and orders requiring or intended to be performed in the said plant and now remaining uncompleted;
- (d) that Vickers shall be relieved and discharged by His Majesty from any and all further responsibility and liability with respect to or in connection with the operation of the said plant and the performance of the said work so remaining uncompleted;

the whole subject to the reservations and upon the terms and conditions set forth in the said Vickers Agreement; and

Whereas the parties hereto are presently negotiating an Agreement which will bear even date herewith (hereinafter called the "Lease and Option Agreement") whereby His Majesty will lease and option to Canadair the land, buildings, machinery, furnishing, fixtures, equipment and accoutrements constituting the plant, the whole as more specifically described in the Lease and Option Agreement and subject to the exceptions therein to be set forth, and its proposed that, effective as at midnight on this 11th day of November, 1944, as Canadair shall, for and on behalf of His Majesty, as his agent, at his expense and under his supervision and control, carry out and perform all of the obligations of His Majesty under the Vickers Agreement, except in so far as the Vickers Agreement concerns the obligations of His Majesty to pay moneys to Vickers.

Now, Therefore, These Presents Witnesseth:

That, the parties hereto covenant and agree as follows, that is to say:

### 1. *Contract Documents and Interpretations*

A. The following documents shall be read herewith and shall be applicable to and form part of this contract, subject as herein expressly provided:

- (i) General Conditions, Form M. & S. 1206 (Revised Form 196B) hereto attached.
- (ii) The Costing Memorandum, Form M. & S. 433 referred to in Order in Council P.C. 6284.
- (iii) The Labour Conditions, Form M. & S. 154 (Revised) hereto attached:
- (iv) The clauses headed "Patent Claims and Royalties", Form M. & S. 1658 hereto attached which shall be deemed to be part of the General Conditions.
- (v) Any and all agreements, documents and schedules referred to herein and stated to form part hereof.

B. The term "Inspector" as used herein means such person or persons as the Minister may from time to time designate for such purpose.

### 2. *Agency*

Canadair, in the performance of this contract and of all work hereunder, shall, in all respects act for and on behalf of His Majesty, as his Agent, at his expense and under his supervision and control, and His Majesty shall indemnify Canadair against and hold it harmless from any and all expenditures, claims and liabilities of any nature whatsoever arising out of the performance of this contract and of all work hereunder in accordance with the terms hereof, except in case of gross negligence or wilful default on the part of Canadair.

### 3. *Subject matter*

Canadair having taken possession of the plant subject to the provisions of the Lease and Option Agreement to be executed and delivered, shall for and on behalf of His Majesty, as his agent, at his expense and under his supervision and control, take possession hereunder of all other assets forming part of the Cartierville Aircraft Division surrendered, delivered, transferred and assigned by Vickers to His Majesty under the Vickers Agreement and shall for and on behalf of His Majesty, as his agent, at his expense and under his supervision and control, carry out and perform all of the obligations of His Majesty under the Vickers Agreement as expeditiously as possible, the whole except in so far as the Vickers Agreement concerns the obligations of His Majesty to pay monies to Vickers.

### 4. *Additional Work*

If and when Canadair is requested by His Majesty to perform work in addition to that for which provision is hereinbefore contained in Section 3 hereof, *such work shall be performed by Canadair under and in accordance with the terms of this contract unless otherwise specifically provided by His Majesty* with respect to any such additional work, but this contract shall not apply with respect to any work which Canadair may hereafter undertake to perform for third parties under any agreements which His Majesty has not undertaken to fulfill and perform under the terms of the Vickers Agreement except as may hereafter be mutually arranged between the parties hereto.



### 5. *Cost to be Reimbursed to Canadair*

(a) His Majesty shall pay or reimburse Canadair for the reasonable and proper cost to Canadair of the performance of this contract and of all work hereunder;

(b) The term "cost" or "cost of the work" as used herein shall mean the cost determined in accordance with the provisions of Clause 13 of the General Conditions as hereby amended.

### 6. *Payment*

(a) Subject as herein provided, payment by His Majesty to Canadair in respect of the cost of the work shall be made through the operation of a *bank account* hereinafter referred to as the "Special Account" to be carried in the name of Canadair with The Canadian Bank of Commerce, 265 St. James Street West, Montreal, or such other bank as may be mutually agreeable to the parties hereto (hereinafter referred to as the "Bank") in accordance with the provisions hereinafter set out.

(b) The amounts from time to time required by Canadair for the purposes of the operations hereby provided for (in excess of any amounts which have been or may be from time to time advanced to Canadair by the Minister by deposits in the Special Account or other monies received by Canadair in the course of or as a result of such operations) shall be obtained by Canadair by means of borrowings from the Bank, to be made by Canadair for and on behalf of and upon the guarantee of His Majesty, by way of overdraft on the Special Account. All amounts from time to time obtained by Canadair as aforesaid shall be used only for the purpose of making the payments authorized to be made out of the Special Account under the terms hereof.

(c) Canadair shall comply with any and all directions which may at any time or from time to time be given to it by the Minister in writing with respect to the maximum amount to be obtained by Canadair from the Bank from time to time by way of overdraft on the Special Account or otherwise in respect of the operation of the said account. Without limiting the foregoing the Minister may at any time and from time to time direct Canadair to pay or transfer to the credit of the Receiver General of Canada all or any part of any funds for the time being in the Special Account and any such direction shall be promptly complied with by Canadair.

(d) On or before the 20th day of each calendar month, Canadair shall submit to the Minister a statement or statements, in such form and detail and verified in such manner and accompanied by such supporting documents as the Minister may from time to time specify, showing all disbursements made out of the Special Account during the preceding calendar month, together with a certified copy of the Bank's monthly statement showing the amount by which the Special Account was overdrawn as of the last day of such preceding calendar month, and an estimate of the amount required to be provided for the purposes of the work (including the amount required for payment of fees to Canadair as hereinafter provided) during the succeeding calendar month and such further information and particulars as the Minister may from time to time require. Upon receipt of the foregoing statements and other documents, and subject to approval of the same by the Minister, His Majesty will pay or cause to be paid to the Bank the amount of the said overdraft (including interest) as at the end of the month for which such statements and other documents are furnished as aforesaid. Provided that by arrangement between the Minister and the Bank, settlement as between His Majesty and the Bank may be made at other than monthly intervals.

(e) His Majesty agrees to indemnify and save harmless Canadair from and against any and all liability (including costs and expense) of Canadair to the Bank for or in respect of any amounts from time to time obtained by Canadair from the Bank by way of overdraft in respect of the Special Account up to but not exceeding the amount (if any) from time to time specified or approved by the Minister as the maximum amount to be obtained by Canadair from the Bank by way of such overdraft at any one time, plus interest thereon, which maximum amount, subject to the specification or approval of a different maximum amount from time to time by the Minister, is fixed at the amount of Four Million Dollars (\$4,000,000) provided that nothing in this subsection (e) shall relieve Canadair from its responsibilities with respect to the disbursements and expenditures from time to time made by it through the operation of the Special Account.

(f) Canadair shall cause to be passed by its Board of Directors such resolution or resolutions as may from time to time be required by the Minister providing for the operation of the Special Account in the manner provided in this Section 6, and any such resolution or resolutions shall be submitted to and shall be subject to the approval of the Minister.

(g) All funds in the Special Account from time to time shall at all times be the property of His Majesty.

#### 7. Fees

A. His Majesty, as full compensation for the services to be performed and rendered by Canadair under this contract shall pay to Canadair:

- (a) with respect to the work to which the Vickers Agreement refers and which presently remains uncompleted, the amount, if any, by which the total aggregate amount of the fees, bonuses and profits payable by His Majesty under the provisions of paragraphs B, C, D, E, F, H, I, J and K of Section 8 of the Vickers Agreement, together with the profits already made by Vickers under the special orders with third parties heretofore completed and listed in Schedule "C" annexed to the Vickers Agreement to form part thereof exceeds the sum of \$2,500,000;
- (b) with respect to the work to be performed by Canadair on DC-4 airplanes in accordance with the letter of authority from the Minister to Vickers dated March 11th, 1944, and any contract or contracts which may replace the same, such fees as may be agreed upon between His Majesty and Canadair;

provided, however, that any municipal or school taxes on real estate or with respect to the use and occupancy thereof payable by Canadair and allocable to the cost of the work hereinbefore mentioned in subparagraph (a) and subparagraph (b) of paragraph A of this Section 7, shall not be considered as part of the cost of the work for the purpose only of calculating the fees, bonuses and profits for which such subparagraph (a) and subparagraph (b) provide;

- (c) with respect to the additional work, if any, which Canadair may hereafter be requested to perform hereunder for His Majesty in accordance with the provisions of Section 4 hereof, such fees as may from time to time be agreed upon between His Majesty and Canadair.

B. The fees to which reference is made in subparagraph (a) of paragraph A of this Section 7 shall be payable by His Majesty to Canadair as soon as such fees have been determined.

C. The fees to which reference is made in subparagraphs (b) and (c) of paragraph A of this Section 7 shall be payable by His Majesty to Canadair at such time or times as may be determined by the contracts covering the work mentioned in such subparagraphs.

D. The fees to which reference is made in paragraph A of this Section 7 shall be paid to Canadair out of the Special Account as and when they become due and payable and Canadair is hereby authorized to make such payment.

#### 8. *Term*

This contract shall remain in effect from the date hereof and until completion by Canadair of all work contemplated hereunder, including the work which Canadair may hereafter be requested to perform hereunder for His Majesty in accordance with the provisions of Section 4 hereof.

#### 9. *Notices*

Any notices to be given hereunder to His Majesty or the Minister shall be in writing and shall be addressed to the Deputy Minister of Munitions and Supply, Ottawa, Ontario.

Any notices to be given hereunder to Canadair shall be in writing and shall be addressed to Canadair Limited, P.O. Box 6087, Montreal, Quebec.

Either party may by notice to the other party change the name or address to which notices hereunder may be sent.

#### 10. *Supplementary Acts and Things*

The parties hereto shall do and perform any and all such acts and things and shall sign, seal, execute and deliver any and all such deeds, documents, instruments and writings as may be necessary, useful or desirable in order more fully to evidence and/or to render effective the provisions of this contract and/or to give effect thereto.

#### 11. *Amendments to General Conditions*

The General Conditions, Form M. & S. 1206 (Revised, Form 196B) hereto attached are amended as follows:

- (a) By replacing the word "Contractor" wherever it appears by the word "Canadair".
- (b) By deleting Clause 13 and replacing the same by the following:  
Subject to the provisions of the Agreement, the term "cost" or "cost of the work" as used herein shall be determined in accordance with the provisions of the Costing Memorandum Form M. & S. 433.
- (c) By deleting Clause 14.
- (d) By adding to Clause 17 the following:  
provided, however, that Canadair shall carry such insurance as the Minister may from time to time authorize or direct.
- (e) By deleting Clause 24.
- (f) By deleting sub-clause (i) of sub-clause (b) of Section 26 and replacing the same by the following:

(i) Canadair shall immediately cease work hereunder (including the manufacturing and/or procuring of materials and parts in accordance with such notice) and shall deliver up possession of that portion of the plant and all other assets being the property of His Majesty which are not under lease to Canadair under the Lease and Option Agreement to such person, firm or corporation as the Minister may designate in writing and shall execute and deliver to and in favour of the Minister all such deeds, documents, instruments and writings and shall do all such acts and things as the Minister may reasonably require for the purpose of fully vesting in His Majesty the rights and benefits of Canadair under all obligations and commitments theretofore undertaken or incurred hereunder by Canadair in connection with



the work and for the purpose of evidencing more fully the title of His Majesty in and to all materials, parts, equipment and/or work in process acquired or used in or for the purpose of the work hereunder except as specified in the Lease and Option Agreement.

- (g) By inserting after the word "fees" in the first line of sub-clause (ii) of sub-clause (b) of Section 26 the following words:

including an amount representing a fair aid reasonable profit on work in process.

- (h) By deleting Clause 28 and replacing the same by the following:

Canadair shall not assign this contract or sublet the whole of the work without the prior written consent of the Minister and any assignment or subletting made without such consent shall be of no effect. Before placing any subcontracts for any part of the work involving a total expenditure in excess of Five thousand dollars (\$5,000) or such other amount as the Minister may from time to time determine or before purchasing raw materials or supplies in excess of an estimated three months future requirements, Canadair shall obtain the approval of the Minister with respect thereto. No assignment or subletting shall relieve Canadair of any of its obligations hereunder or impose any liability upon His Majesty to an assignee or subcontractor. Canadair shall cause any assignees and subcontractors to comply with all the stipulations and conditions of this contract in so far as the same may be applicable.

## 12. *Amendments to Costing Memorandum.*

Costing Memorandum, Form M. & S. 433 hereto attached is amended by deleting therefrom the words "costs shall be credited with the fair market value of all scrap produced from materials charged to the contract, either in manufacturing processes, rejects due to design changes, or from any other cause", and replacing the same by the following: "costs shall be credited with the amount realized on all scrap produced from materials charged to the contract, either in manufacturing processes, rejects due to design changes or from any other cause".

## 13. *Laws.*

This contract shall be in all respects subject to and interpreted in accordance with the laws of the Province of Quebec.

In witness whereof this agreement has been executed and sealed on behalf of His Majesty the King in Right of Canada by the Deputy Minister of Munitions and Supply and by the Secretary of the Department of Munitions and Supply, and has been executed by Canadair under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, sealed and delivered in manner aforesaid on behalf of His Majesty the King in right of Canada in the presence of:

E. YOUNG,

*Witness.*

CHARLES GAUSIE,

29/11/44

Signed, sealed and delivered in the presence of:

M. A. B. MITCHELL,

Approved 29th Nov., 1944.

F. H. BROWN.

G. K. SHEILS,

*Deputy Minister.*

R. T. DONALD,

D/S

*Secretary.*

CANADAIR LIMITED,  
B. W. FRANKLIN,

*President.*

I hereby certify that the within is a true copy of an Original Agreement dated the 11th day of November, 1944, made between His Majesty the King in Right of Canada and Canadair Limited, save and except that there have been omitted therefrom the following: General Conditions M. & S. 1206, Labour Conditions M. & S. 154 Revised, P.C. 7679 and Patent Claims and Royalties M. & S. 1658.

P. E. NICHOLS,  
*Supervisor of Dittoed Contracts  
Main Pool.*

File 18-38-1376, P.C. 8992, P.C. 8991

Agreement made as of the 11th day of November, 1944. Between: His Majesty The King in right of Canada, (hereinafter called "His Majesty") herein acting and represented by the Honourable the Minister of Munitions and Supply (hereinafter called the "Minister") of the first part and Canadian Vickers Limited, Montreal, Quebec (hereinafter called "Vickers") of the second part.

Whereas His Majesty is the owner of land, buildings, machinery, jigs, tools, dies, furnishings, fixtures, equipment and accoutrements constituting an aircraft manufacturing plant (hereinafter called the "Plant") located at Cartierville in the Province of Quebec, which, up to the date hereof, has been operated by Vickers as a separate and distinct unit of its general enterprise and known as its "Cartierville Aircraft Division", and Vickers has produced and is producing therein airplanes and airplane parts and components and overhauling, repairing and servicing the same under agreements with and letters of authority and orders from His Majesty and the Minister and third parties, which said agreements and letters of authority and orders include the following:

- (a) An agreement with His Majesty dated July 25, 1941 (as amended January 20, 1942) for the production of 39 Canso Amphibian aircraft, File Number B.18-38-113, P.C. 7083.
- (b) An agreement with His Majesty dated August 13, 1941 (as amended October 1, 1942) for the production of spare parts for Canso Amphibian aircraft, File Number B.18-26CD-1, P.C. 4248.
- (c) An agreement with His Majesty dated December 2, 1941 (as amended October 1, 1942) for the production of 50 Canso Amphibian aircraft and also for spare parts for Canso Amphibian aircraft, File Number B.18-38-1376, P.C. 10867 and File Number B.18-26HK-27, P.C. 10867.
- (d) Letter of authority from the Minister dated May 7, 1942 (as amended by letters dated November 24, 1942, October 1, 1943, November 9, 1943 and December 21, 1943) for the production of 50 Canso Amphibian aircraft, File Number B.18-38-1376, P.C. 3816.
- (e) Letter of authority from the Minister dated October 5, 1942, for the production of spare parts for Canso Amphibian aircraft, File Number B.18-26HK-27, P.C. 10722.
- (f) An agreement with His Majesty dated January 25, 1944, for the production of 230 Canso "A" aircraft and spare parts therefor, File Number WSL 72-348, P.C. 628.
- (g) Letter of authority from the Minister dated March 11, 1944, for the production of DC-4 airplanes.
- (h) Certain other miscellaneous agreements with and orders from His Majesty and third parties hereinafter mentioned.

Whereas it is intended that, effective as at midnight on this 11th day of November, 1944:

- (a) Vickers shall cease to operate the said plant;
- (b) Vickers shall surrender and deliver up full and complete possession, use, enjoyment, control and operation of its entire Cartierville Aircraft Division as a going concern to His Majesty;
- (c) Vickers shall cease the performance of any work in the said plant under any and all agreements, letters of authority and orders requiring or intended to be performed in the said plant and now remaining uncompleted;
- (d) Vickers shall be relieved and discharged by His Majesty from any and all further responsibility and liability with respect to or in connection with the operation of the said plant and the performance of the said work so remaining uncompleted;

the whole subject to the reservations and upon the terms and conditions hereinafter stated.

Now, therefore, these presents witnesseth that the parties hereto covenant and agree as follows, that is to say:

### 1. *Contract Documents and Interpretations*

A. The following documents shall be read herewith and shall be applicable to and form part of this contract, subject as herein expressly provided:

- (i) General Conditions Form M. & S. 1306 referred to in Order in Council P.C. 6284;
- (ii) Costing Memorandum Form M. & S. 433 referred to in Order in Council P.C. 6284;
- (iii) Labour Conditions Form M. & S. 154, (revised) annexed hereto;
- (iv) The Specifications referred to in Section 7 (d) hereof;
- (v) Any and all Schedules referred to herein and stated to form part hereof.

B. The term "Inspector" as used herein means the Air Member for Aeronautical Engineering, Department of National Defence for Air, and shall extend to any of the officers or representatives of the Department of National Defence for Air acting under the Air Member for Aeronautical Engineering; provided that all instructions and directions or certificates given or decisions made by anyone acting for the said Air Member for Aeronautical Engineering shall be subject to his approval.

### 2. *Surrender of Plant by Vickers*

Vickers covenants and agrees with His Majesty to cease all operation of the said plant as at midnight on this 11th day of November, 1944, and hereby waives and abandons to and in favour of His Majesty any and all right, title, interest or claim which Vickers may have or may claim to have in or to the said plant and the possession, use, enjoyment and control and operation thereof.

### 3. *Cessation of Work by Vickers*

Vickers covenants and agrees with His Majesty that as at midnight on this 11th day of November, 1944, it shall cease the performance of any and all work in the said plant under any and all agreements, letters of authority and orders whether with or from His Majesty or with or from third parties requiring or intended to be performed in or about the said plant and remaining uncompleted,



excluding only the work required to be performed by Vickers in its Maisonneuve plant under orders heretofore placed by the Cartierville Aircraft Division of Vickers.

#### *4. Surrender of Operations by Vickers*

Vickers covenants and agrees with His Majesty to surrender, deliver, transfer and assign to His Majesty, as at midnight on this 11th day of November, 1944, full and complete possession, use, enjoyment, control and operation of its Cartierville Aircraft Division as a going concern, including but without in any way limiting or restricting the generality of the foregoing:

- (a) the said plant;
- (b) any and all contracts, agreements, letters of authority, orders and acceptances of tender pertaining to the said plant or in connection with the possession, use, enjoyment, control and operation thereof or requiring or intended to be performed therein, including sales contracts, purchase contracts, service contracts, insurance contracts, employment contracts, construction contracts, (with the execution only of the employment contract of the Comptroller, L. A. Brooks, whose services Vickers desires to retain), permits and licenses;
- (c) any and all inventories of finished aircraft, aircraft components and aircraft parts, work in process, materials and supplies;
- (d) the benefit of any and all prepaid expenses and any and all accounts receivable;
- (e) any and all books of account, records, statements, documents, instruments, writings, plans, specifications, drawings, blueprints, data, details and information;
- (f) generally any and all other assets and rights forming part of Cartierville Aircraft Division or pertaining thereto.

#### *5. Acceptance of Transfer and Assumption of Liabilities by His Majesty*

His Majesty covenants and agrees to accept from Vickers the surrender, delivery, transfer and assignment as at midnight on this 11th day of November, 1944, of the full and complete possession, use, enjoyment, control and operation of the Cartierville Aircraft Division as a going concern for which provision is hereinbefore contained in paragraph 4 hereof, and further covenants and agrees to complete, fulfill, execute, satisfy and discharge any and all obligations and liabilities of Vickers outstanding as at midnight on this 11th day of November, 1944, with respect to or in connection with the possession, use, enjoyment, control and operation of the Cartierville Aircraft Division including construction contracts, except:

- (a) any and all of such obligations and liabilities incurred by Vickers for income taxes or excess profits taxes;
- (b) any and all of such obligations and liabilities incurred by Vickers under any and all agreements, letters of authority, orders and acceptances of tender between His Majesty and Vickers and which obligations and liabilities constitute items of cost which are or will be disallowed by His Majesty under the Costing Memorandum, Form M. & S. 433 forming part of this contract;
- (c) any and all of such obligations and liabilities incurred by Vickers which are not presently disclosed in the books of account and records of Vickers Aircraft Division;
- (d) any and all of such obligations and liabilities incurred by Vickers under any warranties given by Vickers with respect to work completed by Vickers under any and all agreements, letters of authority, orders

and acceptances of tender between His Majesty and Vickers or between third parties and Vickers;

- (e) any and all of such obligations and liabilities incurred by Vickers with respect to machinery and equipment which are the property of His Majesty and which were originally acquired by Vickers for use in the said plant with capital assistance supplied to Vickers by His Majesty and which are not located in the said plant as at midnight on this 11th day of November, 1944;

for all of which obligations and liabilities so excluded Vickers shall remain responsible.

#### 6. *Release by Vickers*

Vickers hereby releases and forever discharges His Majesty of and from any and all claims of any name, nature or description whatsoever arising in favour of Vickers with respect to or in connection with the possession, use, enjoyment, control and operation of its Cartierville Aircraft Division and with respect to or in connection with any and all agreements, letters of authority, orders and acceptances of tender between His Majesty and Vickers, requiring or intended to be performed by the Cartierville Aircraft Division in the said plant, the whole except as herein specifically provided.

#### 7. *Production contracts*

Vickers and His Majesty confirm that Vickers has heretofore undertaken to manufacture, sell, supply and deliver to His Majesty

- (a) 39 Canso Amphibian airplanes all in accordance with the hereinbefore recited agreement dated July 25, 1941, as amended January 20, 1942;
- (b) Spare parts for Canso Amphibian airplanes, all in accordance with the hereinbefore recited agreement dated August 13, 1941 (as amended October 1, 1942);
- (c) 50 Canso Amphibian airplanes and spare parts for Canso Amphibian airplanes, all in accordance with the hereinbefore recited agreement dated December 2, 1941 (as amended October 1, 1942);
- (d) 50 Canso "A" airplanes in accordance with Royal Canadian Air Force Specification AIR-18-17, Issue 3, dated November 6, 1943 (as the same may be amended or modified from time to time);
- (e) Spare parts for Canso "A" airplanes in accordance with lists furnished or to be furnished by the Minister to Vickers pursuant to the original letter of authority from the Deputy Minister of Munitions and Supply to Vickers dated October 5, 1942;
- (f) 230 Model Canso "A" airplanes and spare parts therefor all in accordance with the hereinbefore recited agreement dated January 25, 1944;
- (g) DC-4 airplanes in accordance with letter of authority from the Minister dated March 11, 1944.

#### 8. *Price*

A. His Majesty will pay to Vickers for each of the airplanes delivered under the said agreement dated July 25, 1941 for the production of 39 Canso Amphibian airplanes and under the agreement dated December 2, 1941 (as amended October 1, 1942), insofar as the said agreement relates to the production of 50 Canso Amphibian airplanes, the prices specified in the said two agreements, subject, however, to the provisions of the agreement between the parties dated February 19, 1943.

B. His Majesty will pay to Vickers for each of the 50 airplanes to which reference is made in paragraph (d) of Section 7 hereof:

- (i) the cost (determined in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by Vickers in the production of the said airplanes (including the cost of jigs and tools);
- (ii) a fee of \$4,500.;
- (iii) the bonus, if any, for which provision is hereinafter contained in paragraph D of this Section 8.

C. His Majesty will pay to Vickers for each of the 230 airplanes to which reference is made in paragraph (f) of Section 7 hereof the price stipulated in paragraph A of Section 1 of the agreement bearing even date herewith between the parties hereto with respect to the said 230 airplanes, and His Majesty will also pay to Vickers the costs and profit for which provision is made in paragraphs B and D of Section 1 of the said Agreement bearing even date herewith.

D. If the average of the combined cost of production of the said 50 airplanes to which reference is made in paragraph (d) of Section 7 hereof and of the said 230 airplanes to which reference is made in paragraph (f) of Section 7 hereof, less the cost of jigs and tools, is less than \$150,000 each, His Majesty will pay to Vickers a bonus equal to twenty-five percent (25%) of the difference between the average of the combined cost of production and \$150,000.

E. His Majesty will pay to Vickers for the spare parts to which reference is made in the agreements and letters of authority listed on Schedule "A" annexed hereto to form part hereof (which list includes the spare parts referred to in paragraphs (b), (c), (e) and (f) of Section 7 hereof:

- (i) the cost (in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by Vickers in the production thereof;
- (ii) a fee of \$350,000.

F. His Majesty will pay to Vickers for all work done (whether heretofore done by Vickers or hereafter done by or on behalf of His Majesty) under the miscellaneous orders and acceptances of tender listed on Schedule "B" annexed hereto to form part hereof the respective prices stipulated in such miscellaneous orders and acceptances of tender, provided, however, that the total aggregate amount payable hereunder to Vickers shall not exceed the laid-down cost (in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by Vickers in the production thereof, plus Five per centum (5%) of the total aggregate cost of such work (whether heretofore done by Vickers or hereafter done by or on behalf of His Majesty) by way of profit;

G. His Majesty will pay to Vickers its cost (determined in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by Vickers in respect of all plant expense orders outstanding on the books of the Cartierville Aircraft Division as at midnight on this 11th day of November, 1944.

H. His Majesty will pay to Vickers its cost (determined in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by Vickers in respect of the production of DC-4 airplanes, including the cost of jigs and tools made at the Vickers Maisonneuve plant, work in process at the Cartierville Aircraft Division and also the proper travelling expenses and salary of technicians and others engaged on this project in England, the United States and Canada plus a profit equal to Five Percent (5%) of such cost.

I. His Majesty will pay to Vickers for all work done by Vickers under the special orders listed on Schedule "C" annexed hereto to form part hereof, the



cost determined in accordance with the Costing Memorandum, M. & S. 433, reasonably and properly incurred by Vickers in the production thereof plus such profit as shall accrue under the said orders when completed.

J. His Majesty will pay to Vickers, for all work done by Vickers at the Cartierville Aircraft Division or now in process as at midnight on this 11th day of November, 1944, at the Cartierville Aircraft Division under the Overhaul and Repair Contract between His Majesty and Vickers dated April 1st, 1941 (as amended) P.C. 3852, the costs incurred by Vickers in accordance with the terms of the Overhaul and Repair Contract and profit determined in accordance with the provisions of Order-in-Council P.C. 1575 of March 1st, 1943.

K. It is understood and agreed by and between the parties hereto that any fees, bonuses or profits hereinbefore set out as being payable to Vickers under this agreement and under the agreement between the parties hereto bearing even date herewith in respect of the 230 airplanes to which reference is made in paragraph (f) of Section 7 hereof shall be paid to Vickers whether the work in respect of which such fees, bonuses or profits are payable is completed before or after the surrender of the said Cartierville Aircraft Division by Vickers at midnight, on this 11th day of November, 1944.

L. Notwithstanding anything to the contrary herein contained, it is understood and agreed by and between the parties hereto that in no event shall the total aggregate amount of the fees, bonuses and profits to which Vickers shall be entitled under the provisions of paragraphs B, C, D, E, F, G, H, I, J, and K of this Section 8 together with the profits already made by Vickers under the special orders with third parties heretofore completed and listed in Schedule "C" hereto annexed to form part hereof, exceed the sum of Two million, five hundred thousand dollars (\$2,500,000).

#### *9. Sale of Equipment and Machinery by Vickers to His Majesty*

Vickers hereby sells, transfers, makes over and assigns unto His Majesty all equipment and machinery owned by Vickers presently located on or about the said plant as listed in Schedule "D" hereto annexed to form part hereof for and in consideration of the sum of One hundred thousand, eight hundred dollars (\$100,800) which His Majesty covenants and agrees to pay.

#### *10. Settlement*

Settlement of any and all amounts which may be or become due under the provisions of this contract by His Majesty to Vickers shall be effected as follows:

A. On or before December 15, 1944, His Majesty will pay to Vickers a sum equal to the amount which shall be determined from the books of the Cartierville Aircraft Division as at the close of business on the 11th day of November, 1944, as being the excess of the following assets:

- (a) any and all inventories of finished aircraft, aircraft components and aircraft parts, work in process, stores, materials and supplies, as adjusted on or before the said 15th day of December, 1944, to provide for such shortages and overages, if any, in such inventories of stores, materials and supplies as may be determined upon the completion of the physical check which is now in progress;
- (b) any and all accounts receivable;
- (c) any and all prepaid expenses normally chargeable to future operations and which have not yet been absorbed;

over the following liabilities and prepayments;

- (d) accounts payable, accrued charges, accrued wages and salaries and accrued taxes;

- (e) any and all amounts heretofore paid by His Majesty or third parties to Vickers with respect to the inventories hereinbefore mentioned in subparagraph (a) of this Section 10.

provided, however, that there shall be excluded from the foregoing calculation any and all amounts appearing in the said books at the said time as work in process under the agreements to which reference is made in paragraph A of Section 8 hereof, and any and all progress payments actually received by Vickers from His Majesty under such agreements.

B. His Majesty will pay to Vickers the amount to which Vickers may be entitled under the provisions of paragraph A of Section 8 hereof as soon as the prices therein mentioned have been finally determined under the provisions of the agreements to which the said paragraph A of Section 8 hereof refers, less any and all amounts theretofore paid by His Majesty to Vickers under the said agreements.

C. His Majesty will pay to Vickers:

- (a) the fee for which provision is made in subparagraph (ii) of paragraph B of Section 8 hereof upon the execution and delivery of this contract;
- (b) the bonus, if any, for which provision is made in subparagraph (iii) of paragraph B of Section 8 hereof as soon as the amount of such bonus, if any, has been determined.

D. His Majesty will pay to Vickers the amount for which provision is made in paragraph C of Section 8 hereof at the time specified in the agreement bearing even date herewith between the parties hereto with respect to the airplanes therein mentioned in subparagraph C of Section 8 hereof.

E. His Majesty will pay to Vickers the fee for which provision is made in subparagraph (ii) of paragraph E of Section 8 hereof upon the execution and delivery of this contract.

F. His Majesty will pay to Vickers the profits for which provision is made in paragraphs F, H, I and J of Section 8 hereof as soon as such profits have been determined.

G. His Majesty will pay to Vickers upon the execution and delivery of this contract the amount for which provision is made in Section 9 of this contract.

H. The parties hereto acknowledge that the foregoing paragraphs A, B, C, D, E, F, and G of this Section 10 provide for the payment to Vickers of any and all amounts to which Vickers may be entitled under this contract and the other agreements, contracts and orders referred to herein, including but without in any way limiting or restricting the generality of the foregoing, any and all amounts to which Vickers may be entitled under paragraphs B, C, E, F, G, H, I and J of Section 8 hereof for the reimbursement of costs, provision for the payment of such costs being included under paragraph A of this Section 10.

I. Notwithstanding anything to the contrary hereinbefore contained, it is agreed between the parties hereto:

- (a) that if, on or before the time of the adjustment and final settlement for which provision is hereinafter contained, His Majesty deems any of the accounts receivable to which reference is made in subparagraph (b) of paragraph A of this Section 10, to be uncollectible, such accounts receivable shall be retransferred by His Majesty to Vickers and Vickers shall reimburse His Majesty for the amount of the same.
- (b) that the right is reserved to His Majesty to disallow, in accordance with the Costing Memorandum, Form M. & S. 433, any costs and

expenses for which provision is hereinbefore contained and that Vickers shall reimburse His Majesty for the amount of any such costs and expenses so disallowed.

J. As soon as reasonably possible after all the work contemplated by this contract has been completed and all of the costs, fees, bonuses and profits reative thereto have been determined, an adjustment and final settlement shall be made between the parties hereto.

#### 11. *Access to books and records by Vickers*

His Majesty agrees that until the adjustment and final settlement for which provision is hereinbefore contained in paragraph J of Section 10 hereof has been made, His Majesty shall make available to Vickers at the Cartierville Aircraft Division, the books and records of the Cartierville Aircraft Division relating to the operations forming the subject matter of this contract and suitable office space and facilities requisite for the attendance of its representatives for the examination of such books and records, without cost to Vickers.

#### 12. *Amendments to General Conditions*

The following changes in and additions to the General Conditions are agreed to by the parties:

- (a) the word "Contractor" wherever it appears therein shall be replaced by the word "Vickers";
- (b) Clause 9 is deleted;
- (c) Clause 13 is deleted and the following substituted therefor:
  - (i) Except as provided in sub-clause (ii) and (iv) of this Clause 13, His Majesty will not pay the cost of any Insurance carried by Vickers on any property (including Government issue), the title to which is vested in His Majesty. Vickers shall, however, take reasonable and proper care of all such property and shall be responsible for loss thereof or damage thereto resulting from its failure to do so, save and except any loss or damage to such property caused by fire, sabotage or riot.
  - (ii) Notwithstanding the provisions of subclause (i) of this Clause 13, loss of and damage to materials and parts supplied by Vickers, and work in process performed by Vickers, whether or not the title thereto is vested in whole or in part in His Majesty, shall be at the risk of Vickers until final acceptance thereof on behalf of His Majesty; but with respect to work for which a price other than a fixed price is payable, the cost reasonably and properly incurred by Vickers in insuring such materials, parts and work in process against loss or damage prior to final acceptance of the completed aircraft and/or parts on behalf of His Majesty, including test flight insurance and reasonable insurance upon Vickers' test pilots and crews, and the proper proportion of the cost of insurance placed by Vickers on that part of its plant, buildings, machinery and equipment which is used in connection with the work to be performed under this contract, shall be chargeable to His Majesty as part of the cost of such aircraft and/or parts. It is hereby understood and agreed that the proceeds of test flight and ground risk insurance placed by Vickers under the provisions of this sub-clause (ii) shall be paid first to Vickers as its interest may appear and the balance to His Majesty, and that any loss sustained for which full indemnity is not recoverable by reason of the operation of any 'deductible clauses' to which such insurance may be subject shall be borne by His Majesty.



(iii) His Majesty shall indemnify and save harmless Vickers from and against loss of or damage to materials, parts and work in process caused by uninsurable risks of loss or damage resulting other than from fault of Vickers. His Majesty shall also indemnify and save harmless Vickers from and against any and all claims by third parties for injuries, including injuries resulting in death, and for loss of or damage to property which may be caused by or result from or be suffered in connection with the test flying by Vickers of the aircraft to be manufactured under this contract save and except any claims for injuries, including injuries resulting in death, suffered by any occupant of such aircraft while being test flown by Vickers.

(iv) Notwithstanding the provisions of sub-clause (ii) of this Clause 13, loss of and damage to aircraft manufactured under this contract shall, unless covered by the terms of any insurance policy that Vickers may have in force, be at the risk of His Majesty while being test flown by the Inspector, his agents or representatives.

(v) His Majesty shall pay to Vickers the cost of boiler explosion insurance carried by the latter upon, or in respect of, pressure vessels on which the safety valve is set to relieve or which operate at a pressure of 15 pounds per square inch or more which are located in buildings owned by His Majesty or owned by Vickers and in which it is carrying on work for His Majesty at the cost of the latter. Such insurance shall be carried with a Company which provides a thorough inspection service. The cost of boiler explosion insurance other than as provided in this sub-clause (v) shall not be chargeable to His Majesty as part of the cost of the work to be performed under this contract.

(d) Clause 17 is deleted and the following substituted therefor:

(i) His Majesty shall indemnify Vickers against claims, actions or proceedings for the infringement of any patent based upon the use of any invention protected by such patent in carrying out this contract in respect of anything the model, plan or design of which shall have been supplied by or on behalf of His Majesty to Vickers, but this indemnity shall apply to this contract only.

(ii) Save and except as set forth in sub-clause (i) of this clause and subject as hereinafter provided, Vickers shall indemnify His Majesty against claims, actions or proceedings for the infringement of any patent based upon the use of any invention protected by such patent in carrying out this contract.

(iii) Except with the consent in writing of the Minister and subject to such conditions as the Minister may impose, Vickers shall not pay and shall direct its sub-contractors not to pay any royalties, licence fees or other amounts for or in respect of the use of any invention protected by any patent in carrying out this contract.

(iv) Vickers shall forthwith supply to the Minister a statement showing all royalties, licence fees or other amounts which Vickers or any of its sub-contractors will or may be obligated to pay or proposes to pay for or in respect of the use of any invention protected by any patent in carrying out this contract and the basis thereof and the parties to whom the same are payable and shall from time to time promptly advise the Minister of any and all claims or arrangements made or proposed which would or might result in payments or further or different payments being made by Vickers or any of its sub-contractors by way of royalties, licence fees or otherwise, as aforesaid.

(v) Subject to compliance by Vickers with the provisions of sub-clause (iii) and (iv) of this clause, His Majesty shall indemnify Vickers against claims, actions or proceedings made or instituted for

the recovery of any royalties, license fees or other payments referred to in any statement furnished by Vickers as provided in sub-clause (iv) of this clause which Vickers is legally bound to pay and which shall not have been approved by or on behalf of the Minister and against infringement of any patent protecting the invention for the use of which Vickers is legally bound to pay such royalties, license fees or other payments, and against which His Majesty shall have indemnified Vickers as provided in this sub-clause (v).

(vi) The amount payable to Vickers under this contract shall be reduced by the amount of royalties, license fees and other payments included in the contract price, against which His Majesty shall have indemnified Vickers as provided in sub-clause (v) of this clause.

(e) Clause 18 is deleted and the following substituted therefor:

In supplement of and not by way of substitution for any term of the specifications or any warranty stipulated or implied by law and notwithstanding prior acceptance of the work by the Inspector, His Majesty may, at Vickers' expense (provided that such expense shall not exceed the equivalent of the cost of performing such work at the Cartierville Aircraft Division) replace any of the Articles or any part or parts thereof (not including any Government issue) which at any time within three months of the delivery thereof (and provided that the same are then within Canada) become defective as the result of faulty or inefficient manufacture, materials or workmanship.

13. The parties hereto shall do and perform any and all such acts and things and shall sign, seal, execute and deliver all such deeds, documents, instruments and writings as may be necessary or useful in order more fully to evidence and/or to render effective the provisions of this contract and/or to give effect thereto.

#### 14. *Effective Date of Contract*

Notwithstanding that this contract may be executed and delivered subsequent to the 11th day of November, 1944, it shall for all purposes hereof be and become effective as at midnight on the said 11th day of November, 1944, and any operations or transactions by Vickers with respect to or in connection with the Cartierville Aircraft Division between that time and the time when this contract is actually executed and delivered shall be for the account of His Majesty and all adjustments shall be made accordingly.

15. Save and except as herein otherwise expressly provided, all previous communications, negotiations and agreements with respect to the subject matter hereof are hereby superseded and cancelled.

In Witness Whereof this contract has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of Munitions and Supply and by the Secretary of the Department of Munitions and Supply and has been executed by Vickers under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, Sealed and Delivered in manner aforesaid on behalf of His Majesty the King in right of Canada in the presence of:

E. YOUNG,  
*Witness.*

G. K. SHEILS,  
*Deputy Minister.*

R. T. DONALD,  
*Secretary.*

D/S

Signed, Sealed and Delivered in  
the presence of:

MARJORIE E. BOWMAN,  
*Witness.*

CANADIAN VICKERS LIMITED

Per J. EDOUARD LABELLE,  
*President.*

Approved 29th Nov. 1944.

F. H. BROWN

CHARLES GAUSIE  
29/11/44

Per

J. W. SAVIDANT,  
*Secretary.*

C/S

This is Schedule "A" to which reference is made in Paragraphs (b), (c), (e), and (f), of Section 7 of the Contract between His Majesty the King in the Right of Canada, and Canadian Vickers Limited, made as of the 11th day of November 1944.

### CONTRACTS AND ACCEPTANCES OF TENDER FOR SPARE PARTS

| <i>C.V. Job</i> | <i>Contracts</i>   | <i>Details</i>                                     |
|-----------------|--|--|
| 1001            | B. 18-38-113/CD. 1533<br>FE. 9151/PC. 4248                 | Spares for 39<br>Aircraft RCAF                     |
| 1002            | B. 18-26HK-27/CD. 1860<br>FE. 19474/PC. 10867              | Spares for 50<br>Aircraft RCAF                     |
| 1003            | B. 18-26HK-27/CD. 1860<br>FE. 18954/PC. 10722              | Spares for 50<br>Aircraft RCAF                     |
| 1004-5-6        | Go ahead letter<br>WSL. 72-348<br>USN-NOa(S) 296           | Spares for 230<br>Aircraft USN<br>(U.S.A.A.F.)     |
| 1007            | WSL. 72-348<br>USN-NOa(S) 296<br>Amend. #1                 | U.S. Navy Open<br>End Contract<br>Emergency Spares |
| 1010            | B. 18-26HK-80/CD. TP<br>11018/FE. 26727<br>Go ahead letter | RCAF Spares  |
| 13209           | B. 18-26HK 12 Serial<br>#2-178330                          | Canso Spares                                       |
| 13436           | B. 18-26HK-22/CD. AB. 39<br>F. E. 9628                     | Canso Spares                                       |
| 13436           | B. 18-26HK-22/CD. AB. 39<br>F. E. 9628                     | Canso Spares                                       |
| 13444           | B. 18-26HK-24 Serial<br>#2 B 2736                          | Canso Spares                                       |
| 20216           | B. 18-26HK-22/CD. AB. 39<br>F. E. 9628                     | Canso Spares                                       |
| 13455           | B. 18-26AJ-23/CD. 1458<br>F. E. 14759                      | Canso Spares                                       |
| 13548           | B. 18-26HK-42/CD. 6311<br>FE. 21450                        | Canso Spares                                       |
| 13578           | B. 18-26HK-23/CD. 6237<br>FE. 19322                        | Canso Spares                                       |
| 20093           | B. 18-26HK-26/CD. 6267<br>FE. 19424                        | Canso Spares                                       |
| 20250           | B. 18-26HK-32/CD. AB. 39<br>FE. 9628                       | Canso Spares                                       |
| 20371           | B. 18-26HK-61/CD. 10015<br>FE. 22828                       | Canso Spares                                       |
| 20373           | B. 18-26HK-67/CD. AB. 39<br>FE. 9628                       | Canso Spares                                       |
| 21909           | B. 18-26HK-78/CD. 10062<br>FE. 23534                       | Canso Spares                                       |
| 22169           | B. 18-26HK-79/CD. 11000<br>FE. 25756                       | Canso Spares                                       |



CONTRACTS AND ACCEPTANCES OF TENDER FOR SPARE PARTS—*Conc.*

| <i>C.V. Job</i> | <i>Contracts</i>                   | <i>Details</i>                               |
|-----------------|------------------------------------|--|
| 21100           | B. 18-26HK-54/CD.6351<br>FE. 22468 | RCAF Open<br>Contract<br>Emergency<br>Spares |
| 21300           |                                    |  |
| 21600           |                                    |  |
| 21900           |                                    |  |
| 22200           |                                    |  |
| 22500           |                                    |  |
| 22800           |                                    |  |
| 22920           |                                    |  |
| 23100           |                                    |  |
| 23500           |                                    |  |
| 23523           |                                    |  |

Also Acceptances of Tender Serial #2B9146, 2B10097, 2B10656, 2B11513, 2B12099 comprising 89 Jobs on Open Contract.

This is Schedule "B" to which Reference is made in Paragraph (F) of Section 8 of the Contract between His Majesty the King in the Right of Canada, and Canadian Vickers Limited, made as of the 11th day of November 1944.

## MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER

| <i>Job Number</i> | <i>Customer</i>       | <i>Description</i>  |
|-------------------|-----------------------|---|
| 13251             | Fairchild Aircraft    | Spraying Parts  |
| 13264             | Fairchild Aircraft    | 670 off Jettison Valves<br>3379 off Pulleys                   |
| 13325             | British Aero. Eng.    | Pegasus Airscoops   |
| 13329             | Federal Aircraft      | Pulleys   |
| 13332             | Federal Aircraft      | Pulleys   |
| 13338             | Boeing Aircraft       | Cost Machining Parts  |
| 13353             | Federal Aircraft      | Pulleys   |
| 13356             | De Havilland Aircraft | Vickers Cocks   |
| 13396             | Fairchild Aircraft    | Jettison Valves and Pulleys                                   |
| 13397             | Boeing Aircraft       | PBY Parts   |
| 13446             | Boeing Aircraft       | Hydro-Press Parts   |
| 13447             | Clark Ruse Aircraft   | Sill Inspection Door  |
| 13449             | Clark Ruse Aircraft   | Assy. Bearing & Nose<br>Wheel Door Lock Mech.<br>Hydro System |
| 13458             | Clark Ruse Aircraft   | Step Cap Plate and Stiffener                                  |
| 13459             | Boeing Aircraft       | Parts   |
| 13460             | Clark Ruse Aircraft   | Parts   |
| 13461             | D.N.D.                | Arm Assy. Control Yoke  |
| 13464             | Clark Ruse Aircraft   | Cover 28B5248L  |
| 13465             | D.N.D.                | Cable Assy. & Cable constant<br>speed control                 |
| 13467             | Clark Ruse Aircraft   | Cross beam  |
| 13472             | Clark Ruse Aircraft   | Rudder Cables Outboard<br>and Inboard                         |
| 13474             | Clark Ruse Aircraft   | Jack sequence valve assy.                                     |
| 13480             | Boeing Aircraft       | Drop Hammers Parts  |
| 13483             | Clark Ruse Aircraft   | Cables  |
| 13484             | Clark Ruse Aircraft   | Bolts, nuts, washers  |
| 13487             | Clark Ruse Aircraft   | Parts   |
| 13489             | Clark Ruse Aircraft   | Clamps and Washers  |
| 13491             | R.A.F. Ferry Command  | Parts   |
| 13495             | Clark Ruse Aircraft   | Washers   |
| 13497             | Clark Ruse Aircraft   | Mixture Control Cable   |
| 13499             | Boeing Aircraft       | Channel   |
| 13511             | Br. Airplane Eng.     | Airscoops for pegasus   |
| 13520             | Victory Aircraft      | Pulleys   |
| 13523             | Victory Aircraft      | Pulleys   |
| 13526             | Fairchild Aircraft    | Repairs Jettison<br>Valves<br>Pulleys                         |
| 13527             | Federal Aircraft      | 2 off Jettison Valves rep.                                    |
| 13529             | Fairchild Aircraft    | 1 off Pulley rep.   |
| 13531             | Br. Airplane Eng.     | Spring, valves, airscops<br>split taper pin                   |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i>            | <i>Description</i>                |
|-------------------|----------------------------|-----------------------------------|
| 13532             | Victory Aircraft           | Pulleys                           |
| 13535             | Br. Airplane Eng.          | 70 off Mercury Air Intakes        |
| 13536             | Fairchild Aircraft         | Jettison Valves                   |
| 13537             | Fairchild Aircraft         | Jettison Valves                   |
| 13539             | Can. Car & Foundry         | Pulleys                           |
| 13542             | Canadian Pacific Air Lines | Inboard Former L & R              |
| 13545             | Boeing Aircraft            | Cable Assy.                       |
| 13579             | Fairchild Aircraft         | Rolling Skins                     |
| 13582             | National Research Council  | 1000 Alum Trays                   |
| 13590             | Can. Car & Foundry         | Pulleys                           |
| 13593             | Fairchild Aircraft         | Rolling Skin                      |
| 13597             | Clark Ruse Aircraft        | Complete Nose Wheel               |
|                   |                            | Door Install. L & R               |
| 13598             | Can. Pratt Whitney         | Repairs to 4 bladed               |
|                   |                            | Wooden test clubs                 |
| 13598             | Canadian Vickers Ltd.      | Cost Anodizing Boling-            |
|                   |                            | broke Oleo legs                   |
| 13600             | Canadian Vickers Ltd.      | Cost making corvette              |
|                   |                            | Name Plates                       |
| 13601             | R.A.F. Ferry Command       | Rivets heat treated and           |
|                   |                            | packed in Dry Ice                 |
| 13605             | Nat. Research Council      | Cost reducing dia.                |
|                   |                            | Graphite Bar                      |
| 13608             | Br. Aero Eng. Ltd.         | Repairs to Aircoops Ser.          |
|                   |                            | 476-574-578                       |
| 13611             | Can. Gen. Electric Co.     | Work on Electric Furnace          |
| 20001             | Boeing Aircraft            | Sheet Metal Parts                 |
| 20007             | Br. Aero. Eng. Ltd.        | Mercury Aircoops                  |
| 20016             | Central Aircraft           | Pulleys                           |
| 20017             | Can. Wright Ltd.           | Repair to Propellor               |
| 20018             | Clark Ruse Aircraft        | Towing Cables c/w                 |
|                   |                            | shackles and Clevis bolts         |
| 20026             | Boeing Aircraft            | Costings (Machined)               |
|                   |                            | Springs drop hammer sheet         |
| 20028             | Fairchild Aircraft         | Rolling Skin                      |
| 20029             | Fairchild Aircraft         | Rolling Skin                      |
| 20030             | Fairchild Aircraft         | Repair leaking Jettison           |
|                   |                            | Valves                            |
| 20033             | Boeing Aircraft            | External Fittings for bomb rack   |
| 20041             | Br. Aero. Eng.             | Cost Rework Test Prop.            |
| 20060             | J. Millen & Son            | Pulleys                           |
| 20063             | Boeing Aircraft            | Springs                           |
| 20081             | Clark Ruse Aircraft        | Sill Inspection Door              |
| 20086             | Nat. Research Council      | Die for production alum trays     |
| 20091             | D.N.D.                     | Glass pilot's enclosure           |
|                   |                            | sliding window                    |
| 20092             | D.N.D.                     | Motor Elect. for Float retraction |
| 20097             | Fairchild Aircraft         | Rolling skin                      |
| 20100             | Fairchild Aircraft         | Rolling skin                      |
| 20116             | Fairchild Aircraft         | Rolling skin                      |
| 20125             | Can. Car & Foundry         | PBY Parts                         |
| 20138             | Fairchild Aircraft         | Rolling skin                      |
| 20167             | Fairchild Aircraft         | Rolling skin                      |
| 20212             | Fairchild Aircraft         | Rolling skin                      |
| 20218             | Can. Car & Foundry         | Nose wheel axle, channel strip,   |
|                   |                            | retainer, etc.                    |
| 20241             | Canadian Car & Foundry     | Bomb Aimer's window assy.         |
| 20247             | Fairchild Aircraft         | Rolling skin                      |
| 20264             | Fairchild Aircraft         | Rolling skin                      |
| 20268             | Can. Pacific Air Lines     | Spare Parts                       |
| 20269             | Can. Pacific Air Lines     | Spare Parts                       |
| 20270             | Can. Pacific Air Lines     | Spare Parts                       |
| 20300             | R.A.F. Ferry Command       | Tail Cone                         |
| 20309             | Can. Pacific Air Lines     | Belt frame, bulkheads stiffeners, |
|                   |                            | Chine angle                       |
| 20313             | Cresswell-Pomeroy          | Test Plieces Dural and Alclad     |
| 20325             | Clark Ruse Aircraft        | Nose Wheel Door and Control       |
|                   |                            | mech. Install. Complete           |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i>            | <i>Description</i>                                |
|-------------------|----------------------------|---|
| 20362             | Can. Car & Foundry         | Channel Float                                     |
|                   |                            | Retracting mech. Link                             |
| 20372             | Can. Pacific Air Lines     | Nose wheel Covers                                 |
| 20388             | Central Aircraft           | Vickers Fuel Cocks                                |
| 20403             | Canadian Car & Foundry     | Pulleys   |
| 20415             | Can. Pacific Air Lines     | Complete Rotating Windows                         |
| 20437             | Canadian Vickers Ltd.      | Repairing Housing for Pneumatic Drills            |
| 20440             | D.N.D.                     | Metal Bomb Panel                                  |
| 20460             | Victory Aircraft           | Pulleys   |
| 20491             | Can. Pacific Air Lines     | Hull Stringers and Support                        |
|                   |                            | Pilot's Floor and Seat                            |
| 20506             | Br. Aero. Eng.             | Repair Mercury XX Prop.                           |
| 20527             | Victory Aircraft           | Fuel Cocks  |
| 20546             | D.N.D.                     | Antenna Wright Assy.                              |
| 20587             | Br. Aero. Eng.             | Repair Mercury XX Prop.                           |
| 20626             | D.N.D.                     | Door Assy.  |
| 20633             | Central Aircraft           | Fuel Cocks  |
| 20634             | Comm. Ins. Agency          | Repairs Nose A/C 11010                            |
| 20637             | D.N.D.                     | Panel Assy.                                       |
| 20638             | Can. Pacific Air Lines     | 2" Conduit  |
| 20644             | Canadian Vickers Ltd.      | Pulley Parts                                      |
| 20645             | Canadian Vickers Ltd.      | Pulley Parts                                      |
| 20646             | Canadian Vickers Ltd.      | Pulley Parts                                      |
| 20647             | Canadian Vickers Ltd.      | Pulley Parts                                      |
| 20651             | Can. Pacific Air Lines     | Variable Pitch Control                            |
| 20668             | Can. Pacific Air Lines     | Housing for Torque shaft, etc.                    |
| 20671             | Can. Pacific Air Lines     | L & R Twin Reels, Brass Member at Bulkhead, etc.  |
|                   |                            | Pulleys   |
| 20730             | Victory Aircraft           | 20 sets Weights                                   |
| 20734             | D.N.D.                     | Fuel Cocks  |
| 20756             | Central Aircraft           | Pulleys   |
| 20771             | Aircraft Repair Ltd.       | Covers, pulleys and guards                        |
| 20784             | Central Aircraft           | Throttle cable prop. control etc.                 |
| 20799             | Can. Pacific Air Lines     | Bomb Control cables                               |
| 20800             | Can. Pacific Air Lines     | cable emergency                                   |
| 20801             | Can. Pacific Air Lines     | Bomb control cable emergency                      |
| 20802             | Can. Pacific Air Lines     | Bomb control cable emergency                      |
| 20803             | Can. Pacific Air Lines     | Rudders and elevators                             |
| 20804             | Can. Pacific Air Lines     | Elevator Aileron Tabs                             |
| 20805             | Can. Pacific Air Lines     | Elevator Tabs, rudder tabs                        |
| 20806             | Canadian Pacific Air Lines | Aileron and Rudders                               |
| 20839             | Boeing Aircraft            | Cost of Vickers Mobile repair crew                |
| 20850             | Comm. Ins. Agency          | Repairing Aircraft 11026                          |
| 20867             | Can. Pacific Air Lines     | Bearing anchor rul, crankshaft aft.               |
| 20906             | R.A.F. Ferry Command       | Bolts   |
| 20936             | Comm. Ins. Agency          | Repairs Aircraft 11026                            |
| 20955             | Can. Car & Foundry         | Pulleys   |
| 20965             | Fairchild Aircraft         | Rolling skin                                      |
| 20985             | Fairchild Aircraft         | Jettison Valves                                   |
| 21006             | Aircraft                   | Rolling skin                                      |
| 21109             | Clark Ruse Aircraft        | Bracket, cable fittings                           |
| 21180             | Br. Aero Eng.              | Recondition Test Prop.                            |
| 21195             | Nat. Research Council      | Cable assy. and Shear Pins                        |
| 21209             | Cresswell Pomeroy          | Std. Tensil Spec.                                 |
| 21218             | Central Aircraft           | Pulley and Separators                             |
| 21261             | Peerless Elct              | Normalizing Parts                                 |
| 21268             | R.A.F. Ferry Comm.         | Cable assy.                                       |
| 21270             | Canadian Pacific Air Lines | Clamps  |
| 21296             | Can. Car & Foundry         | Cable assy. to be swaged                          |
| 21312             | Boeing Aircraft            | Washers   |
| 21321             | Alum. Co. of Canada        | Cost of packing of components loaned to Alum. Co. |
| 21352             | Ottawa Car & Aircraft      | Skin Assy. & Landing Gear Fairings                |
| 21370             | Art Metal Corpn.           | Rework 2 c section trailing edges                 |



MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i>            | <i>Description</i>                       |
|-------------------|----------------------------|--|
| 21410             | Clark Ruse Aircraft        | Cushion Assy. Nov-Radio Operators Chair  |
| 21412             | Majestic Metal Prod.       | Cost of Parts shipped                    |
| 21413             | Art Metal Corpn.           | Cost of Detail Parts shipped             |
| 21434             | Dept. National Def.        | Anodizing 1 batch "U" section channel    |
| 21446             | R.A.F. Ferry Command       | PBY Parts                                |
| 21509             | Ottawa Car & Foundry       | Skin assy. landing gear fairing          |
| 21535             | Nat. Research Council      | Drill Template Kirksite                  |
| 21632             | Aircraft Supply & Equip.   | Blank Die.                               |
| 21755             | Fairchild Aircraft         | Swaging of Fittings                      |
| 21757             | R.A.F. Ferry Comm.         | Mfg. wooden Mock-up Jigs                 |
| 21831             | Can. Power Boat Co.        | Kielson Extruded Section etc.            |
| 21862             | Clark Ruse Aircraft        | Normalizing Parts                        |
| 21864             | Clark Ruse Aircraft        | Screws, Washers spares                   |
| 21956             | Can. Pacific Air Lines     | Clips and Straps                         |
| 22021             | Can. Wright Ltd.           | Strap and Buckle End etc.                |
| 22213             | D.N.D.                     | Balance Propellor                        |
| 22241             | Noorduyn Aviation          | Pulleys                                  |
| 22258             | Hayes Steel Prod.          | Glued samples Test Pulled                |
| 22326             | Can. Car & Foundry         | Bushings                                 |
| 22332             | Br. Aeroplane Eng.         | Swaging Cable Assy. Cowl                 |
| 22359             | J. Millen & Son            | Flap Control                             |
| 22360             | Hayes Steel Prod.          | Test Propellor #990                      |
| 22386             | Victory Aircraft           | Pulleys                                  |
| 22396             | Can. Wright Co.            | Bushings                                 |
| 22410             | Can. Car & Foundry         | Pulleys                                  |
| 22456             | Can. Car & Foundry         | Test Prop. #8446                         |
| 22457             | Can. Car & Foundry         | Swaging Cable. Assy. Cowl                |
| 22465             | D.M. & S. (N. A/C Factory) | Flap Control                             |
| 22467             | Can. Airways               | Swaging Cables                           |
| 22486             | Noorduyn Aviation          | Swaging Cable Assy.                      |
| 22496             | De Havilland Aircraft      | 32 Sets PBY Outer Wing Panels            |
| 22557             | Cresswell-Pomeroy          | Swaging Fittings on Control Cables       |
| 22589             | Raymond McDonnell          | Pull Testing Samples                     |
| 22629             | Fairchild Aircraft         | Recondition and Refinish 2 wooden props. |
| 22666             | Consolidated Vultee A/C    | Tensile Test Pieces                      |
| 22667             | Aeroquipment Co.           | Cost Repairs Post Indicator #13          |
| 22676             | Can. Car & Foundry         | Swaging Fittings on cables               |
| 22684             | Br. Aeroplane Eng.         | Cost shipping and packing                |
| 22718             | Can. Car & Foundry         | 10 PBY 5 AMC Hulls                       |
| 22753             | Canadian Car & Foundry     | Anodizing Washers                        |
| 22808             | Labrador Mining & Expln.   | Aileron Inboard cables etc.              |
| 22815             | Fairchild Aircraft         | Merlin Prop. #990                        |
| 22816             | Derham Custom Body         | Swaging                                  |
| 22826             | Ottawa Car & A/C           | Swaging                                  |
| 22864             | Can. Car & Foundry         | Cost of Beaching, Launching, etc.        |
| 22867             | Nat. Research Council      | Swaging Cable Assy.                      |
| 22916             | Aeroquipment Ltd.          | Zinc Chromate Tape                       |
| 22956             | Consolidated Vultee A/C    | Blank and pierce dies                    |
| 22972             | Fairchild Aircraft         | Swaging                                  |
| 22996             | R.A.F. Ferry Command       | Machining Graphite Bars                  |
| 23000             | Fairchild Aircraft         | Anodizing 3,000 washers                  |
| 23001             | Fairchild Aircraft         | Packing and Shipping PBY Hulls           |
| 23084             | Fairchild Aircraft         | Roll to contour                          |
| 23015             | Canadian Vickers Ltd.      | Control Cable Assy.                      |
| 23110             | Aeroquipment Ltd.          | Roll to contour                          |
| 23183             | Fairchild Aircraft         | Roll to contour                          |
| 23228             | Nat. Research Council      | Operator's Wages and Cost of Fuel Oil    |
| 23280             | Nat. Research Council      | Anodizing washers                        |
|                   |                            | Roll to contour                          |
|                   |                            | Bracket #91A                             |
|                   |                            | Anodizing Tubes                          |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i>       | <i>Description</i>   |
|-------------------|-----------------------|--|
| 23327             | Sperry Gyroscope Co.  | Removal and Replacement of<br>Sperry Gyro Equipment        |
| 23331             | Fairchild Aircraft    | Roll to contour  |
| 23387             | Can. Car & Foundry    | Machining C.R. Steel                                       |
| 23449             | Consolidated Vultee A | Rudder Pedal Levers  |
| 23467             | Can. Car & Foundry    | To Supply and Anneal Dural                                 |
| 23475             | D.N.D.                | Repairing Gas Tank Leaks                                   |
| 23477             | D.N.D.                | Mods. to heating system                                    |
| 23479             | Can. Car & Foundry    | Swaging  |
| 26000             | De Havilland A/C      | Setting up tooling   |
| 26010             | De Havilland A/C      | Ailerons L & R   |
| 26011             | De Havilland A/C      | Ailerons L & R   |
| 26012             | De Havilland A/C      | Ailerons L & R   |
| 26013             | De Havilland A/C      | Ailerons L & R   |
| 26014             | De Havilland A/C      | Ailerons L & R   |
| 26015             | De Havilland A/C      | Ailerons L & R   |
| 26016             | De Havilland A/C      | Ailerons L & R   |
| 26030             | De Havilland A/C      | Aileron Detail Parts                                       |
| 26031             | De Havilland A/C      | Aileron Detail Parts                                       |
| 26032             | De Havilland A/C      | Aileron Detail Parts                                       |
| 26050             | De Havilland A/C      | Aileron Trim Tabs  |
| 26099             | De Havilland A/C      | Engineering and Drawing<br>Office Exp.                     |
| 13234             | D.M. & S.             | 37 sets Parts for Mod.<br>Stranraer                        |
| 13341             | "                     | 180 sets Leak Stoppers                                     |
| 13347             | "                     | 86 off Link  |
| 13350             | "                     | Merlin Test Props.   |
| 13372             | "                     | Vickers 2 Way Cocks  |
| 13373             | "                     | Mercury Aircoops   |
| 13384             | "                     | Fuel Cocks and Non-return Valves                           |
| 13388             | "                     | Fuel Cocks and Non-return Valves                           |
| 13414             | "                     | Redesign Flooring Lockers,<br>Panels, etc.                 |
| 13421             | "                     | Installing Spec. Br. Radio                                 |
| 13427             | "                     | Standardization of Alum Tube<br>on PBY                     |
| 13437             | "                     | 30 sets Installation Fuel Pump                             |
| 13448             | "                     | 144 sets Leak Stoppers                                     |
| 13456             | "                     | Brace for Nose Section and<br>Stiffener for Keelson        |
| 13457             | "                     | 44 off Nose Wheels to be modified                          |
| 13476             | "                     | Cable Assy. Elevator Control                               |
| 13477             | "                     | 41 off Cooking Stoves                                      |
| 13478             | "                     | Elevator Trimmer Tab Cables                                |
| 13482             | "                     | D.O. Tech. shop etc. exps.<br>reinstall. sig. pistol mount |
| 13485             | "                     | Retracting Link c/w fittings                               |
| 13494             | "                     | 5 sets Cabin Heating System for<br>Catalina                |
| 13521             | "                     | Wooden Oxford props.                                       |
| 13524             | "                     | Locking tabs for fuel cock and<br>non-return valves        |
| 13525             | "                     | Fuel cocks and non-return<br>valves                        |
| 13528             | "                     | 44 off Fuel Cocks  |
| 13530             | "                     | 1 off Pump repaired  |
| 13534             | "                     | 1 off Pump repaired  |
| 13538             | "                     | Repairs H. Pressure Pump                                   |
| 13540             | "                     | Repairs PBY Leading Edges and<br>De-Icer Boot              |
| 13577             | "                     | Repairs Oxford Wooden Props.                               |
| 13585             | "                     | 50 sets Reinforcement of Aileron                           |
| 13588             | "                     | VGS Bolts 342-2  |
| 13589             | "                     | 2 off Repair to Stranraer<br>Propellers                    |
| 13591             | "                     | 27 sets Canso recognition light<br>flares                  |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i> | <i>Description</i>                                   |
|-------------------|-----------------|--|
| 13596             | D.M. & S.       | Pulleys  |
| 13602             | "               | 2 off Stranraer Propellers                           |
| 13603             | "               | 1 off 3 Bladed Shark                                 |
| 20012             | "               | Repairs Stranraer Propellers                         |
| 20021             | "               | Repairs Wooden Oxford Propellers                     |
| 20023             | "               | Repair H. Pressure Pumps                             |
| 20032             | "               | Mod. Canso fuel Jettison arrangements                |
| 20039             | "               | $\frac{3}{4}$ " B.S.P. Plug cock                     |
| 20040             | "               | Jettison Valves                                      |
| 20042             | "               | Repairs Props. Ser. No. F505-648                     |
| 20045             | "               | No. 23053 Sht. 16 Collar                             |
| 20050             | "               | Cylinder L/H Lock                                    |
| 20051             | "               | Canso Spare Parts                                    |
| 20065             | "               | Mod. sets for reinforcement                          |
| 20066             | "               | Ailerons   |
| 20080             | "               | Jettison Valves                                      |
| 20104             | "               | Airspeed indicator tags                              |
| 20115             | "               | Expense re-install, heat anti-icer                   |
| 20120             | "               | Install, Install, Hollo                              |
| 20194             | "               | Control Wheel Shaft                                  |
| 20195             | "               | Elimination of Elect. conduit                        |
| 20199             | "               | Stringer—Hull Bottom                                 |
| 20202             | "               | Nose Strut and Fork assy. repairs                    |
| 20203             | "               | Repairing hand pump                                  |
| 20205             | "               | 29 sets Airspeed indicator tag                       |
| 20223             | "               | Stainless Steel Locking Wire                         |
| 20230             | "               | Parker Elbow Bracket                                 |
| 20251             | "               | Panel Assy. Cowl R.H.                                |
| 20256             | "               | Mod. install. solar type flame                       |
| 20265             | "               | L. & R. Belt frame                                   |
| 20289             | "               | Spec. adaptor to repair                              |
| 20291             | "               | Vickers H-Pressure pump                              |
| 20304             | "               | Generator bracket assy. c/w nut bolts, etc.          |
| 20308             | "               | Tail Exhaust Pipe                                    |
| 20312             | "               | Cables, Turnbuckles                                  |
| 20333             | "               | Support Tunnel Gun Hitch Camera                      |
| 20336             | "               | Spacer   |
| 20337             | "               | PBY Parts  |
| 20341             | "               | Pulleys  |
| 20356             | "               | Repairs Wooden Oxford Propeller                      |
| 20364             | "               | Stranraer Spare Parts                                |
| 20370             | "               | Vacuum Control Cock                                  |
| 20383             | "               | Tee Piece  |
| 20393             | "               | Handles Adjustable Pilot's Seat                      |
| 20398             | "               | To cover cost of Drawing Office Engineering Exp. et. |
| 20405             | "               | Repairs Wooden Tiger Propeller                       |
| 20407             | "               | Bomber Circuit and Time Delay Circuit Install.       |
| 20408             | "               | Repairs Oxford Wooden Propellers                     |
|                   | "               | Engine Cover and Prop. hub and Anti-Icer Cover       |
|                   | "               | Vacuum Control Cock                                  |
|                   | "               | Aileron Tab Control Pin Float                        |
|                   | "               | Strut, etc.  |
|                   | "               | Reinforcement for Ailerons                           |



MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i> | <i>Description</i>                                |
|-------------------|-----------------|---|
| 20428             | D.M. & S.       | Gear Box Assy. Aileron Flap Control               |
| 20434             | "               | Repair Prop. Serial No. F227                      |
| 20451             | "               | Mod. Nose Wheel Down Lock Spring                  |
| 20459             | "               | Assy. Aileron Tab Control Gear Box                |
| 20493             | "               | Cable Assy. Pendant                               |
| 20500             | "               | Canso Airframe Spares                             |
| 20606             | "               | Clamping Ring, etc.                               |
| 20649             | "               | Platforms forward of front strut and under motors |
| 20657             | "               | Bolts   |
| 20674             | "               | Repairs PBY A/C 33961                             |
| 20684             | "               | Pulleys   |
| 20686             | "               | Mod. install. Fire Extinguisher System            |
| 20687             | "               | Repairs to Propeller                              |
| 20688             | "               | Repairs Wooden Propeller                          |
| 20694             | "               | Bolt Assy. pin assy. Bracket, etc.                |
| 20698             | "               | Spec. Wireless equipment                          |
| 20729             | "               | Sea Drogue assy. and Fittings                     |
| 20752             | "               | Install Radio Altimeter                           |
| 20754             | "               | Mod. radio install.                               |
| 20785             | "               | Cylinder Nose Wheel Retracting                    |
| 20838             | "               | Parts for main cylinder and brake hydro system    |
| 20845             | "               | Washers   |
| 20846             | "               | Gasket, fairing door assy., etc.                  |
| 20856             | "               | Repairs Collar assy. N.L.G.                       |
| 20868             | "               | Valves, hose, wheel assy., etc.                   |
| 20886             | "               | Pump hyd. hand etc.                               |
| 20887             | "               | Fairings, cables, brackets, etc.                  |
| 20943             | "               | Canso Airframe spares                             |
| 20965             | "               | Rolling skin                                      |
| 20993             | "               | Conduit Flex                                      |
| 21004             | "               | Feed Cup Assy.                                    |
| 21015             | "               | Sealing Strips                                    |
| 21048             | "               | Bunk, Rest and Back assy.                         |
| 21051             | "               | Wooden Oxford Propellers                          |
| 21056             | "               | Flex Conduit c/w End Fitting                      |
| 21059             | "               | Oil Dilution System                               |
| 21061             | "               | Wheel Well Cover Assy.                            |
| 21067             | "               | PBY Parts   |
| 21068             | "               | PBY Cables  |
| 21125             | "               | 12 sets Mod. Parts for Reinforcing Canso Ailerons |
| 21291             | "               | Triling Edges                                     |
| 21354             | "               | Sets Extension Lines                              |
| 21360             | "               | Sets of install, fuel Pump Direct Valve           |
| 21386             | "               | 12 sets Mod. Install. Hollow Wheel shaft in Canso |
| 21393             | "               | Anodizing Relay boxes and covers                  |
| 21396             | "               | To cover cost of repairs to Aircraft No. 11051    |
| 21706             | "               | Brackets Ventura Modification                     |
| 21789             | "               | Stranraer Metal Prop.                             |
| 21800             | "               | Links (Ventura Aircraft)                          |
| 21824             | "               | Aerial Wright assy. Sets                          |
| 21837             | "               | Rebuild Scrap Storage shed                        |
| 21866             | "               | 15 sets Flame Dampner Mod.                        |
| 21877             | "               | 3 lbs. Powdered Neoprene                          |
| 21901             | "               | Scissors in cylinder valves, etc.                 |
| 21971             | "               | Cost rewiring MI 22 Boxes                         |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>Job Number</i> | <i>Customer</i> | <i>Description</i>                                   |
|-------------------|-----------------|--|
| 22051             | D.M. & S.       | Repairing Wing Trailing Edges                        |
| 22080             | "               | Cable Assy. to be swaged                             |
| 22094             | "               | Castors to be repaired                               |
| 22170             | "               | Cost cancelled Purchase Orders                       |
| 22191             | "               | Tech. Expense & Cost 1 set sample parts              |
| 22204             | "               | Vickers Type 2 Way Fuel Cock                         |
| 22208             | "               | Trailing edge Inner L.H. and R.H.                    |
| 22226             | "               | Expenses Re-revision of technical data               |
| 22309             | "               | Plugs  |
| 22400             | "               | Attaching Brackets                                   |
| 22468             | "               | Navigators Seat Assy. etc.                           |
| 22488             | "               | Condenser Bracket                                    |
| 22498             | "               | Hoisting Sling, etc.                                 |
| 22558             | "               | Cost of Engineering etc.                             |
| 22559             | "               | Cost of Engineering etc.                             |
| 22577             | "               | Panel Assy.  |
| 22578             | "               | Scoop Generator Cooling                              |
| 22579             | "               | Blast Tubes  |
| 22617             | "               | Cost Details & Install. Elect. Mods. A/C 33968-33982 |
| 22618             | "               | Cost of making details Instrument Mod.               |
| 22700             | "               | Reinforcement of Hull Bottom                         |
| 22716             | "               | Mod. Parts   |
| 22737             | "               | Cable Assy.  |
| 22755             | "               | Anchor Cable Assy.                                   |
| 22776             | "               | Pulley Engine Control etc.                           |
| 22812             | "               | 100 Sets Parts for Mod. Hull                         |
| 22830             | "               | PBY Parts  |
| 22868             | "               | Brake valve deboosters, etc.                         |
| 22870             | "               | Tooling O.W. Panels                                  |
| 22912             | "               | Bolts Scissors                                       |
| 22926             | "               | PBY Parts  |
| 22966             | "               | Swage Fitting etc.                                   |
| 22967             | "               | Glass Waist gunner's turret                          |
| 23013             | "               | Snunner Assy. etc.                                   |
| 23096             | "               | Rudder Horn, etc.                                    |
| 23097             | "               | Upper Fin Struct. assy.                              |
| 23098             | "               | Clamp Assy.  |
| 23137             | "               | Ladder Assy.   |
| 23171             | "               | Engineering Tooling Exp.                             |
| 23196             | "               | Inhibiting of Engines                                |
| 23253             | "               | Install. Stowage Furns, N.L.G.                       |
| 23299             | "               | Strap & End  |
| 23323             | "               | Cover Assy. Sponge Rubber                            |
| 23325             | "               | Linear Packing                                       |
| 23369             | "               | Flec Conduit Tech                                    |
| 23373             | "               | Support Hull Front Gunner's Floor                    |
| 23374             | "               | Support Hull Front Gunner's Floor                    |
| 23390             | "               | Support Hull Front Gunner's Floor                    |
| 23481             | "               | Busses, Elect Switch Panel                           |

This is Schedule "C" to which reference is made in Paragraph (I) of Section 8 of the Contract between His Majesty the King in the Right of Canada, and Canadian Vickers Limited, made as of the 11th day of November, 1944.

*"Special Orders"*

| <i>Job. No.</i> | <i>Customer</i>              | <i>Description</i> | <i>Amount</i> |
|-----------------|------------------------------|--------------------|---------------|
| 22017           | Consolidated Vultee Aircraft | 20 Wing Spars      | \$ 24,640.00  |
| 22665           | Consolidated Vultee Aircraft | 10 Hulls           | 321,750.00    |
| 22955           | Consolidated Vultee Aircraft | 10 Hulls           | 289,575.00    |
| 23040           | Consolidated Vultee Aircraft | 5 Gun Rings        | 2,640.00      |
| 23140           |                              | 10 Gun Rings       |               |
| 17672           | Trans-Canada Air Lines       | Modifications      | Cost plus 10% |
| 21894           | Dorval                       | and Repair         |               |

## SCHEDULE "D"

## CANADIAN VICKERS LIMITED

EQUIPMENT AND  
MACHINERY TRANSFERRED TO CARTIERVILLE

| <i>Transfer<br/>No.</i> | <i>Description</i>  |
|-------------------------|---|
| 1                       | Peerless Power Hack Saw-Model 5-K-224-A-4                           |
| 2                       | Wheeling Machine  |
| 3                       | Wheeling Machine  |
| 8                       | Brown-Boggs #188, Foot Gap Squaring and Slitting Shears             |
| 9                       | Ice-Box for Dry Ice   |
| 13                      | 1—only S-975 Driver Shaper and 1-BB, 10S Motor                      |
| 19                      | 1—Vickers Hand Crimper  |
| 21                      | Brown-Boggs Hand Roll   |
| 24                      | Beverley #3 Hand Shear  |
| 25                      | Vickers Crimper   |
| 26                      | Vickers Crimper   |
| 27                      | Circular Saw  |
| 29                      | Surface Block   |
| 30                      | Dimpler built from Squeeze Riveter                                  |
| 33                      | Vickers Bull Dozer  |
| 35                      | Hand Wiping Machine (Vickers) w/Bench                               |
| 37                      | Brown-Boggs No. 2 Beading Machine                                   |
| 38                      | B-2 Beverley Hand Shear   |
| 39                      | Niagara Hand Beading Machine  |
| 41                      | Four Steel Erection Scaffolds                                       |
| 42                      | 1—Perkins Crimson Beauty Power Press w/Motor                        |
| 43                      | Vickers Stringer Rack No. 482, 96" high, 12" wide, 40' length       |
| 44                      | Vickers Stringer Rack No. 483, 72" high, 46" wide, 14" length       |
| 45                      | Vickers Stringer Rack No. 484, 93" high, 36" wide, 144" length      |
| 46                      | Vickers Material Rack No. 485, 74" high, 28" wide, 100" length      |
| 47                      | Vickers Material Rack No. 486, 74" high, 28" wide, 100" length      |
| 48                      | Two Drawer Desk Table 31" high, 36" wide, 84" length                |
| 50                      | Stanley Unishear and Table  |
| 51                      | 1—Bull Dozer (Air Press) Vickers                                    |
| 54                      | 1—Delta No. 1601, Cut-off machine w/Motor                           |
| 63                      | Corona Spindle Drill, Hand Feed $\frac{5}{8}$ " dia. w/Motor        |
| 64                      | Ice-Box dry ice   |
| 68                      | Can. Buffalo Drilling Machine, Single Spindle, Serial #4168         |
| 69                      | Sunlight Twin Grinder, Serial #55007                                |
| 70                      | Drilling Machine, Single Spindle Bench Type Chicago Mfg. Co.        |
| 71                      | One only Verson Junior 4' press brake #1062 with motor              |
| 72                      | 1—Acton Blow Press w/Motor  |
| 73                      | 1—Acton Blow Press w/Motor  |
| 74                      | #3 Acton Blow Press, 35 ton Vicker's No. 14                         |
| 77                      | One Rack 72" high, 13" wide, 100" long, Vickers No. 497             |
| 78                      | One Rack 50" high, 36" wide, 144" long, Vickers No. 498             |
| 79                      | Desk Table w/one drawer, 32" high, 30" wide, 60" long, Vickers made |
| 80                      | Cupboard, 66" high, 15" wide, 36" long, Vickers made                |
| 92                      | Beverley #B-3 Throatless Shear, Vickers No. 44                      |
| 102                     | Vickers Blanking Die Rack   |
| 103                     | Vickers Blanking Die Rack   |
| 104                     | Vickers Blanking Die Rack   |
| 105                     | Vickers Blanking Die Rack   |
| 106                     | Vickers Routing Template Rack                                       |
| 108                     | 2—Power Vane 301-2000 Rotary angle drills/w/hose fittings           |
| 115                     | One 14" used Buzz Planer  |
| 117                     | Die Rack—Vickers  |
| 118                     | Blow Press Table—Vickers  |
| 119                     | Blow Press Table—Vickers  |
| 120                     | Hydro Block Rack—Vickers  |
| 121                     | Hydro Table   |
| 122                     | Hydro Block Bench Table—Vickers #509                                |
| 123                     | Verson Die Rack Iron—Vickers  |
| 136                     | Vickers Hand Rolls—45" x 43" x 16"                                  |



SCHEDULE "D"—*Con.*

| <i>Transfer<br/>No.</i> | <i>Description</i>   |
|-------------------------|--|
| 137                     | Vickers Ladder   |
| 138                     | Vickers Ladder   |
| 139                     | Vickers Double Rack Bin Type   |
| 140                     | Hand Crimper (Stand)   |
| 141                     | Ice Box—Vickers  |
| 142                     | Surface Block  |
| 143                     | Ice Box—Vickers  |
| 144                     | Desk—Vickers 31" x 32" x 50"   |
| 145                     | Table—Vickers  |
| 146                     | Cupboard—Vickers   |
| 147                     | Sunlight Twin Grinder  |
| 148                     | Extrusion Rack—Vickers   |
| 167                     | One Delta No. 1552, 14" four spindle drill Press w/motor                           |
| 168                     | One Delta No. 1542, 14" two spindle drill Press w/motor                            |
| 172                     | Rockwell motorized Hardness tester-model 3-QR w/equipment                          |
| 173                     | Rockwell motorized Hardness tester-model 3-QR w/equipment                          |
| 174                     | Do-all saw size ML, Serial 2938742   |
| 175                     | Delta No. 1601, cut-off Machine w/motor  |
| 176                     | #15 Can. Buffalo Bench Type drill, single spindle                                  |
| 177                     | #15 Can. Buffalo Bench Type drill, single spindle                                  |
| 178                     | #15 Can. Buffalo Bench Type drill, single spindle                                  |
| 179                     | #2 Universal Miller—Kemp Smith   |
| 181                     | Alba Shaper Type 3-S, 17" Stroke   |
| 182                     | One $\frac{1}{2}$ HP. Hoover Electric grinder                                      |
| 184                     | Master Card Files  |
| 185                     | Tool Master Card Files   |
| 186                     | Table  |
| 188                     | Shop Table Desk 30" high, 31" wide, 60" length                                     |
| 189                     | Table  |
| 190                     | Bench  |
| 191                     | Bench  |
| 192                     | Spray Painting Booth, 35' x 25' x 15' high Exhaust Fans and 1-HP motors            |
| 193                     | Peerless Power Saw $1\frac{1}{2}$ HP, 550 volts, 60 cycles Serial HU-4025          |
| 194                     | Niagara 4' Power Shear, 440 volts, 3 HP  |
| 195                     | Black and Decker Pneu. Screw Driver and Wrench machine, type BR.<br>Serial 1741986 |
| 196                     | 14' Aluminum Straight edge   |
| 197                     | 9' Aluminum Straight edge  |
| 198                     | 6' Aluminum Straight edge  |
| 199                     | Walker and Turner Disc. Grinder, Serial 7-SN-6390                                  |
| 200                     | Table  |
| 201                     | Table  |
| 203                     | Power King 6" Table Saw w/motor and extension table                                |
| 204                     | Cupboard   |
| 205                     | Hoover Grinder   |
| 206                     | Can. Buffalo Press drill, bench type w/table                                       |
| 207                     | 86 Thor #210 Rotary Air Drills, 3/16 capacity w/std. equipment                     |
| 209                     | 30 C.P. 301-2000 Power Vane Angle drills   |
| 212                     | Chair (Vickers)  |
| 213                     | Peerless Hacksaw (Power)   |
| 227                     | #1542—14" two spindle Delta Drilling Machine Ser. No. 94066                        |
| 229                     | Do-all Saw Serial 401296   |
| 230                     | Hoover twin grinder with stand   |
| 231                     | F. J. Edwards Hand Press   |
| 232                     | Office Desk  |
| 233                     | Office Chair   |
| 234                     | Shop Chair   |
| 235                     | Shop Chair   |
| 236                     | Table  |
| 237                     | Table  |
| 238                     | Cupboard   |
| 239                     | Office Chair   |
| 240                     | Office Chair   |
| 241                     | Office Desk  |
| 243                     | Inspection Table 36" x 30" x 47 $\frac{1}{2}$ " made by C.V.                       |
| 244                     | Inspection Table 31" x 36" x 30" made by C.V.                                      |
| 248                     | 6—Desoutter Drills (owned by C.V.)   |

SCHEDULE "D"—*Con.*Transfer  
No.

Description

|     |   |
|-----|---|
| 251 | 10—#210 Thor Rotary Air Drills, 3/16 cap. w/std. equipment                          |
| 254 | 58—Ingersoll-Rand Air Drills (owned by C.V.)  |
| 255 | 412—#301-2000 "Power Vane" Rotary Air Drills (owned by C.V.)                        |
| 259 | Can. Buffalo Drilling Machine, Single Spindle #15 c/w stand                         |
| 260 | Can. Buffalo Drilling Machine, Single Spindle #15 c/w stand and motor               |
| 261 | Can. Buffalo Drilling Machine, Single Spindle #15 c/w stand                         |
| 263 | Can. Buffalo Single Spindle #15 drilling machine                                    |
| 264 | Can. Buffalo Single Spindle #15 drilling machine                                    |
| 265 | Can. Buffalo Single Spindle #15 drilling machine c/w stand                          |
| 267 | Can. Buffalo Single Spindle #15 drilling machine serial 4163                        |
| 268 | Can. Buffalo Single Spindle #15 drilling machine c/w stand                          |
| 269 | Vickers Crimper   |
| 270 | Black & Decker Twin Grinder, Type A, 110V, $\frac{1}{4}$ H.P., Serial 36392         |
| 271 | Super Arc Electric Welding Machine Mod. A., Serial B.                               |
| 274 | Surface Table   |
| 277 | Tumbler Machine (Vickers)   |
| 279 | Pexto Foot Shear #O.C.52, Serial 4488-70  |
| 280 | Vickers Bench Type Hand Brake   |
| 281 | Vickers Bench Type Hand Brake   |
| 282 | Beasley Grinder #205—18"  |
| 283 | Sebastien Engine Lathe 16" x 7"   |
| 285 | 2—Vickers Tables  |
| 286 | Vickers Table   |
| 287 | Perkins Crimson Beauty Press  |
| 288 | Black & Decker Flexible Disc. Sander H.D., Serial 679962-W. Motor                   |
| 290 | Hoover Twin Grinder c/w stand serial 274767   |
| 289 | Zoermen Table Lathe (Clarke Mfg. Co.) 9" x 24" x 32"                                |
| 291 | Hand Press 34" x 12" x 24" (Vickers)  |
| 292 | #B-3 Beverley Shear   |
| 293 | Two Drawer Office Table   |
| 294 | One Drawer Office Table   |
| 295 | One Drawer Office Table   |
| 299 | Crescent #307, 18" double end Disc. Sander, c/w motor, Starter and O'Load.<br>prot. |
| 300 | F. J. Edwards #4 Hand Fly Press c/w stand   |
| 301 | Sunlight Twin Grinder, Model 5007 c/w stand   |
| 302 | Used 24" Pony Planer w/counter-shaft (Purchased from Bournival & Cie.)              |
| 304 | "71 Tilting Saw Table w-drivebelt and 12" Power King circular saw                   |
| 306 | Hoover Twin Grinder, Serial 297811, H.5, Type SBE                                   |
| 307 | Hoover Twin Grinder, Bench Type, Serial 288623                                      |
| 308 | Canedy-OH. Drilling Machine   |
| 309 | Delta Disc. Sander Serial 9-4142  |
| 310 | Walker-Turner Band Saw, Serial 7-BS, 6390   |
| 311 | Brown-Boggs Hand Press Serial 1288  |
| 312 | Clarke-Junior Twin Grinder, Serial 56367 c/w stand                                  |
| 313 | Office Chair  |
| 314 | Office Chair  |
| 315 | Office Chair  |
| 316 | Vickers Foot Punch machine  |
| 317 | Two-drawer table  |
| 318 | Two-drawer table  |
| 319 | Vickers Hand Rolls 16" x 8" x 11"   |
| 324 | 12-CP 2-X Riveting Guns   |
| 325 | 2-CP 2X Riveting Hammers  |
| 326 | 12-CP 2X Riveting Guns  |
| 327 | 12-CP 2X Riveting Guns  |
| 328 | 54-CP 2X Riveting Guns  |
| 332 | Cutting Table 35 $\frac{1}{2}$ " x 90" x 360" (Vickers)                             |
| 334 | Electric Fan  |
| 335 | Cutting Table 31" x 48" x 240" (Vickers)  |
| 336 | Can. Buffalo Single Spindle #15 Drilling Machine Serial 11172-1 c/w stand           |
| 337 | Bench 36" x 35" x 120" (Vickers)  |
| 338 | Bench 36" x 35" x 120" (Vickers)  |
| 339 | Bench 36" x 35" x 120" (Vickers)  |
| 340 | Bench 36" x 35" x 120" (Vickers)  |

SCHEDULE "D"—*Con.*

| <i>Transfer<br/>No.</i> | <i>Description</i>   |
|-------------------------|--|
| 341                     | Can. Buffalo Single Spindle #15 Bench type drilling machine                                |
| 342                     | Can. Buffalo Single Spindle #15 c/w stand drilling machine, serial 213568.                 |
| 343                     | Hoover twin grinder c/w stand Serial 213309  |
| 344                     | Inspection table (Vickers)   |
| 345                     | Surface Table (Vickers)  |
| 347                     | Vickers hand crimper c/w stand   |
| 348                     | Can. Buffalo Single Spindle #15 Drilling Machine c/w stand, serial 208599                  |
| 353                     | Sunlight Twin Grinder Model 55007  |
| 354                     | Vickers Wheel Cutting Machine  |
| 355                     | Hoover Twin Grinder c/w stand, serial 278235   |
| 357                     | Can. Buffalo Single Spindle #15 Drilling Machine c/w stand, serial 3630                    |
| 360                     | 6—Ingersoll-Rand A.V.11 Air Guns   |
| 361                     | 6—Ingersoll-Rand A.V.11 Air Guns   |
| 362                     | C.P. 5X Air Guns, Serial E-76210   |
| 366                     | Thomson-Gibb, Model G.18-35KVA Electric Welding machine, serial 10173                      |
| 368                     | C.P. Safety Balance Type 2004, serial B-13902  |
| 369                     | Do-all Metal Saw Job Selector, Model M.L. Serial 424676                                    |
| 370                     | Singer Sewing Machine, Serial W-59271  |
| 371                     | Singer Sewing Machine, Serial F-723790   |
| 372                     | Singer Sewing Machine, Serial AF-325781  |
| 373                     | Singer Sewing Machine, Serial W-759629   |
| 374                     | 4-C.P. #625 Compressors  |
| 385                     | Pneumatic Rivet Squeeze and Stand (Vickers)  |
| 387                     | 4-C.P. 4X Air Guns   |
| 388                     | 2—Ingersoll-Rand A.V.11 Air Guns, serials A-4488—A-4761                                    |
| 389                     | 12-C.P. #201 Air Guns  |
| 390                     | Siren  |
| 392                     | Chair  |
| 393                     | Desk   |
| 394                     | Tube, Oiling Machine—Paralketone type  |
| 396                     | Surface Table  |
| 397                     | Material Rack  |
| 398                     | Demagnetizer   |
| 407                     | Office Table   |
| 408                     | Office Table   |
| 414                     | 11 C.P., 351 Air Guns  |
| 415                     | 14 Corner Rivet Hammers  |
| 416                     | Propeller Balancer   |
| 418                     | Van Dorn Vacuum Cleaner, serial 30640  |
| 419                     | Drying Oven (Vickers)  |
| 420A                    | Iron Rivet Rack (Vickers)  |
| 421                     | Iron Rivet Rack (Vickers)  |
| 422                     | Iron Rivet Rack (Vickers)  |
| 423                     | Salt Tempering Bath 2' x 4' x 30" c/w cover and heating elements                           |
| 424                     | Rinsing Tank (Vickers) Bristol Potentiometer, Model 427-CLH. w/thermo-<br>couple and leads |
| 425                     | Metal Die Cupboard for Press (Vickers) 62" x 25½"  |
| 427                     | Portable Drilling Machine holder 19" L. x 17" w. x 12"1 Vickers                            |
| 428                     | Riveter Tool Cupboard (Vickers) 72" x 36" x 26"  |
| 429                     | Hand Crimper (Vickers)   |
| 430                     | Hand Crimper (Vickers) 46" x 28" x 38"   |
| 431                     | Hand Riveter Squeeze (Vickers) 66" x 24" x 30"   |
| 432                     | Hand Rivet Squeeze (Vickers) 56" x 16" x 36"   |
| 441                     | Pexto Hand-folding Machine   |
| 435                     | Sunlight Twin Grinder #6   |
| 436                     | Chicago Heights Drilling Machine   |
| 437                     | Pneumatic Rivet Squeeze and Stand  |
| 438                     | C.P. 1000 Compression Rivetter   |
| 439                     | Brown-Boggs Foot Shear—16 Ga. cap.   |
| 440                     | Rockwell Superficial Hardness Testing Machine c/w equipment                                |
| 442                     | Hand Rolls Machine (Vickers) 54" x 88" x 36"   |
| 443                     | Beverley Shear, Sand and Table   |
| 445                     | Surface Table 9" x 24" x 120"  |
| 446                     | Can. Buffalo #15 S.S. Drilling Machine   |
| 447                     | C.P. 1000 Compression Riveter  |



## STANDING COMMITTEE

SCHEDULE "D"—*Con.**Transfer**No.**Description*

|     |   |
|-----|---|
| 448 | Can. Buffalo #15 S.S. Drilling Machine                          |
| 449 | Can. Buffalo #15 S.S. Drilling Machine                          |
| 450 | Can. Buffalo #15 S.S. Drilling Machine                          |
| 452 | Sunlight Twin Grinder and Stand                                 |
| 454 | Van Dorn 6" Twin Grinder with drill Grinding Jig                |
| 455 | Hoover Twin Grinder   |
| 456 | Hoover Twin Grinder w/stand                                     |
| 458 | Bench Table (Vickers)   |
| 459 | 31—Vises 6-#5, 25-#6  |
| 461 | Can. Buffalo S.S. Drilling Machine                              |
| 462 | Can. Buffalo S.S. Drilling Machine                              |
| 464 | 2-AXM. 8' Top Outlet Spray Booths, c/w equipment                |
| 466 | Office Chair  |
| 467 | Desk  |
| 468 | Desk  |
| 469 | Can. Buffalo S.S. Drilling Machine Stand. Model 71633-K.H.      |
| 470 | Foot Press—Sta-Kon Bench tool                                   |
| 471 | Can. Buffalo S.S. Drilling Machine—forge—stand Model 7-F, 633-C |
| 472 | Can. Buffalo S.S. Drilling Machine—serial #8108                 |
| 473 | Can. Buffalo S.S. Drilling Machine—serial #212631-F             |
| 474 | Hand Crimper (Vickers)  |
| 475 | Can. Buffalo S.S. Drilling Machine—Stand., Serial #209822       |
| 476 | Can. Buffalo S.S. Drilling Machine—Stand., Serial #208571       |
| 477 | Can. Buffalo #15 Drilling Machine—Stand., Serial #4159          |
| 478 | 3—Anodic Tanks—Cold Water, Hot Water and Cleaning (Vickers)     |
| 481 | 2—Stenographer's Swivel Chairs                                  |
| 482 | 4—Drawer Legal size File Cabinet                                |
| 483 | Ten—16 drawer Kardex Cabinets                                   |
| 484 | Two—Lino Flat Top Desks   |
| 485 | Two—Wood Flat Top Desks   |
| 486 | Six—3 x 5 File Cabinets—2 drawer                                |
| 487 | Stenographer's Desks  |
| 488 | Two Coat Racks  |
| 489 | Two Hat Racks   |
| 490 | Seven 16-Tray Kardex Cabinets                                   |
| 491 | Three Steno's Chairs  |
| 492 | Three Filing Cabinets   |
| 493 | Electric Refrigerator "Artic Trunk" (Jewett)                    |
| 495 | Hoover Twin Grinder Serial 277167                               |
| 496 | Sunlight Electric Twin Grinder Model S-4322                     |
| 497 | Table 11'   |
| 498 | 8 Waste Paper Baskets   |
| 499 | Wire Waste paper baskets  |
| 500 | 3—Book Cases (shop made)  |
| 501 | 4—Kardex 20-tray cabinets                                       |
| 502 | 3—8" x 5" Card Cases  |
| 503 | Tilter Chair  |
| 504 | 5—Waste paper baskets   |
| 505 | Swivel Arm Chair  |
| 506 | 12—Kardex 20-tray cabinets                                      |
| 507 | Small Flat top desk   |
| 508 | Leonard Flaring Machine, Serial 31                              |
| 509 | Power King Metal Shaw   |
| 510 | Sunlight Twin Grinder Model S-4322                              |
| 512 | Can. Blower & Forge Drilling Machine S.S. Bench type            |
| 513 | Scale for Proof Loading Machine                                 |
| 514 | Can. Buffalo S.S. Drilling Machine Bench Type                   |
| 515 | Can. Buffalo S.S. Drilling Machine Bench Type                   |
| 516 | Two Pneumatic Wood Tool Tables                                  |
| 517 | Pneumatic Steel Tool Table                                      |
| 518 | Tool Cupboard   |
| 519 | Two Hand Press Riveters   |
| 520 | Two Steel Metal Lockers   |
| 521 | Steel Metal Locker  |
| 522 | Two Wood Tool Bins  |
| 523 | Can. Buffalo S.S. Drilling Machine, Serial #208566              |
| 524 | South Bend Horizontal M-D Bench Lathe, Serial #278675           |

SCHEDULE "D"—*Con.**Transfer  
No.**Description*

|     |   |
|-----|---|
| 525 | C.P. #350 Rivet Squeeze Stand                                   |
| 526 | Ohio Twin Grinder, Serial #465913                               |
| 527 | Office Desk   |
| 528 | Two Office Desks  |
| 529 | Two Office Chairs   |
| 530 | Swivel Chair  |
| 531 | Typewriter Desk   |
| 533 | Small Washroom Receptacle                                       |
| 538 | Skilsaw Twin Grinder, Serial 630969                             |
| 540 | Small Washroom Receptacle                                       |
| 541 | Electric Fan  |
| 542 | Hand Rivet Squeeze (Vickers)                                    |
| 546 | Gorton Pantagraphing Machine, Serial 13093                      |
| 551 | Office Desk and Swivel Chair                                    |
| 552 | Metal Kardex Cabinet—5 tray                                     |
| 553 | 2 Drawing Office Trestles and Foot Stool                        |
| 554 | Foot Stool Drawing Office                                       |
| 555 | Royal Typewriter Serial X.57-97-47                              |
| 556 | Proof Loading Machine (Vickers)                                 |
| 557 | Ideal Simplex Wire Stripper Model 10                            |
| 558 | Brown-Boggs Hand Roll   |
| 559 | Parker Tube Bender Model G-#824                                 |
| 564 | Office Desk and Swivel Chair                                    |
| 565 | Walker-Turner Driver, Serial #708140                            |
| 566 | DeBergue Hydraulic Riveting Unit, and Riveting Snaps for unit   |
| 567 | Can. Buffalo S.S. Drilling Machine, Serial 212502               |
| 568 | Can. Buffalo S.S. Drilling Machine, Serial 4167                 |
| 569 | Jackson-Cochrane 14" Buzz Planer (used)                         |
| 570 | Crescent Band Saw (Used)  |
| 571 | Chicago Pneumatic Balancer (for DeBergue Riveter)               |
| 572 | Acid Tank (Vickers) 61" high, 50" wide, 153" long               |
| 573 | Acid Tank (Vickers) in two units, 48" high, 36" wide, 420" long |
| 574 | Acid Tank (Vickers) in two units, 72" high, 50" wide, 144" long |
| 575 | Small Washroom Receptacle                                       |
| 577 | Three Office Chairs   |
| 578 | 2—Rinsing Tanks, 36" high, 24" wide, 54" long                   |
| 579 | Water Wash Spray Booth  |
| 581 | Pangborn Blast Cleaning Cabinet                                 |
| 582 | Can. Buffalo Drilling Machine                                   |
| 583 | Can. Buffalo Drilling Machine                                   |
| 584 | Can. Buffalo Drilling Machine                                   |
| 585 | Can. Buffalo Drilling Machine                                   |
| 586 | Can. Buffalo Drilling Machine                                   |
| 587 | Can. Buffalo Drilling Machine                                   |
| 588 | Can. Buffalo Drilling Machine                                   |
| 589 | Can. Buffalo Drilling Machine                                   |
| 590 | Can. Buffalo Drilling Machine                                   |
| 592 | Hoover Double Grinder #213401                                   |
| 593 | Hoover Double Grinder #213401                                   |
| 596 | MacDougall Drilling Machine                                     |
| 597 | Shop Table (Wooden)   |
| 598 | Metal Card Cabinet  |
| 599 | Large Wooden Rack 60'L, 12'H, 3'W.                              |
| 600 | Hoover Double Grinder (Stand)                                   |
| 601 | Hoover Double Grinder (Bench)                                   |
| 602 | Sunlight Double Grinder   |
| 603 | Hoover Double Grinder (Bench type)                              |
| 604 | West House Electric Fan (12" dia.)                              |
| 605 | Gould's water-test electric pump and motor                      |
| 606 | Vickers Crimper   |
| 607 | Hand Crimper  |
| 608 | Can. Buffalo Drilling Machine #4142                             |
| 609 | Brown-Boggs Hand Roll Machine                                   |
| 611 | Hoover Double Grinder—Serial #298378                            |
| 615 | Campbell 6" Nibbler—Converted from old Nibbling Mach.           |
| 616 | Power King Metal Saw  |
| 618 | Tube Facer—Vickers  |

SCHEDULE "D"—*Conc.*

| <i>Transfer<br/>No.</i> | <i>Description</i>                         |
|-------------------------|--|
| 620                     | Pexto Steel Cutting Machine on legs        |
| 621                     | Singer Sewing Machine                      |
| 625                     | Beverley Hand Shear B-3                    |
| 627                     | Can. Buffalo Drill #4147                   |
| 628                     | Can. Buffalo Drill #4236                   |
| 629                     | Can. Buffalo Drill #4192                   |
| 631                     | Can. Buffalo Drill #4161                   |
| 632                     | Can. Buffalo Drill                         |
| 633                     | Can. Buffalo Drill #4148                   |
| 634                     | Can. Buffalo Drill                         |
| 636                     | Wasp. Electric Welding Mach.               |
| 637                     | Black and Decker 6" Grinder #363894        |
| 638                     | Hoover Double Grinder #1153                |
| 640                     | Black and Decker Power Grind Stone #503730 |
| 641                     | Gardner Vertical Compressor                |
| 642                     | Wasp Welding Machine—Electric              |
| 644                     | Brown Boggs Hand Beading Machine           |
| 646                     | Large Beverley Hand Shear B.3              |
| 647                     | Ice-Box C.V. Make                          |
| 652                     | Brown Boggs Hand Shear                     |
| 653                     | Strand Portable Grinder                    |
| 654                     | Canadian Drilling Machine #N.H.-4235       |
| 655                     | Stanley Midget Unishear                    |
| 656                     | Salt Bath                                  |
| 658                     | Canadian Drilling Machine #4156            |
| 662                     | Power King Circular Saw                    |
| 663                     | Hand Operated Bend Rolls                   |
| 664                     | Model 77 Skilsaw Metal Cutting Machine     |
| 666                     | Hoover double grinder                      |
| 667                     | Portable Air Compressor (Vickers)          |
| 670                     | Hydraulic Test Unit                        |
| 673                     | Hydraulic Test Unit                        |
| 676                     | Hand Operated Pump                         |
| 677                     | Hand Crimper                               |
|                         | 1— $\frac{3}{4}$ ton Ford Truck            |

P.C. 8992  
WSL 72-348

This agreement made as of the 11th day of November, 1944. Between:  
His Majesty The King in right of Canada (hereinafter called "His Majesty") herein acting and represented by the Honourable the Minister of Munitions and Supply (hereinafter called "the Minister") of the first part and Canadian Vickers Limited, Montreal, Quebec, (hereinafter called "the Contractor") of the second part.

Whereas by agreement dated the 25th day of January, 1944, the Contractor agreed to manufacture, sell and supply to His Majesty 230 Model "Canso A" airplanes and spare parts therefor to the value of approximately Forty per cent (40%) of the value of the said airplanes and also certain manuals, publications and other technical data in respect of the said airplanes;

And whereas Section 6 of the said agreement provided that the prices to be paid to the Contractor under the said agreement should be determined as soon as possible after the first Fifty-one (51) airplanes had been produced by the Contractor;

And whereas the Contractor has now produced more than 51 airplanes under the said agreement;

And whereas the said airplanes and spare parts were being produced by the Contractor in a plant at Cartierville, Quebec, owned by His Majesty and operated by the Contractor and the Contractor has been and is producing in the said plant certain other airplanes and airplane components of the same type as that produced under the said recited agreement;



And whereas airplanes and spare parts of the same type as those being produced under the said agreement of January 25, 1944, were being produced under other contracts, agreements or authorities from His Majesty concurrently with those produced under the said first-mentioned agreement and it has been agreed that the basis of the price of the said 230 airplanes under the said agreement and of the 50 airplanes being produced concurrently with the said 230 airplanes under the authority of a letter from the Deputy Minister of Munitions and Supply dated May 7, 1942, and amending letters dated November 24, 1942, October 1, 1943, November 9, 1943 and December 21, 1943 should be the same;

And Whereas the price basis for the said 280 planes has been agreed upon on the same basis as hereinafter appears;

And whereas it has been agreed that the price for all spare parts of the type to be produced under the said agreement of January 25, 1944, and under the agreement between the parties dated August 13, 1941 (as amended October 1, 1942), agreement dated December 2, 1941 (as amended October 1, 1942) and under a letter of authority from the Deputy Minister of Munitions and Supply dated October 5, 1942, shall be on the basis of reimbursement to the Contractor for the costs of production thereof (determined in accordance with the Department of Munitions and Supply Costing Memorandum, Form M. & S. 433) plus a fixed fee of \$350,000.00 and the portion of the said fee payable under the said agreement of January 25, 1944, will be on the same proportionate basis as the cost of production of the spare parts under the said agreement bears to the total cost of production of all spare parts produced under the authorities hereinbefore recited;

And whereas by agreement bearing even date herewith the parties have agreed that the said plant at Cartierville shall be delivered up by the said Contractor to His Majesty and the operations of the said plant and the completion of all contracts presently existing shall be completed by or on behalf of His Majesty and not by the Contractor and the proportion of the prices hereinafter specified as being payable to the Contractor under this agreement which shall be retained by His Majesty shall be as determined in the said agreement bearing even date herewith.

And whereas Section 9 of the said Agreement of January 25, 1944, provides for reimbursement to the Contractor of its cost in respect of the production of 150 PBV-1A airplanes, which were subsequently cancelled, and for payment to the Contractor of such profit as the Minister should deem to be fair and reasonable and such profit has now been agreed upon at a sum equal to Five per cent (5%) of the costs incurred by the Contractor.

Now therefore this agreement witnesseth that the parties hereto agree as follows:

1. A. The price to be paid by His Majesty under Section 6 of the said Agreement of January 25, 1944, shall be as follows:

(a) His Majesty will pay to the Contractor for each of the said 230 airplanes:

- (i) the laid-down cost (determined in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by the Contractor in the production of the said airplanes (including the cost of jigs and tools);
- (ii) a fee of \$4,500.00;
- (iii) if the average of the combined cost of production of the said 230 airplanes produced under the said agreement of January 25, 1944, and the 50 airplanes produced under letter of authority dated May 7, 1942 (as amended) less the cost of jigs and tools, is less

than \$150,000.00 each, a bonus of Twenty-five per cent (25%) of the difference between the average of the combined cost of production and \$150,000.00.

(b) His Majesty will pay to the Contractor for all the spare parts:

- (i) The laid-down cost (determined in accordance with the Costing Memorandum Form M & S. 433) reasonably and properly incurred by the Contractor in the production thereof; and
- (ii) an apportionate part of the sum of \$350,000.00 in the same proportion as the total amount of the laid-down cost under paragraph (i) bears to the total cost of spare parts produced under the said agreement of January 25, 1944, under the agreement dated August 13, 1941 (as amended October 1, 1942), under the agreement dated December 2, 1941 (as amended October 1, 1942) and under letter of authority from the Deputy Minister of Munitions and Supply dated October 5, 1942.

B. In addition to the foregoing, His Majesty will pay to the Contractor in respect of the work performed by the Contractor in carrying out the modifications to the said airplanes which the Contractor was directed to introduce therein by letter from the Aircraft Controller of the Department of Munitions and Supply dated August 25, 1944 (a copy whereof is annexed hereto, marked Schedule "A") the costs (determined in accordance with the Costing Memorandum, Form M. & S. 433) reasonably and properly incurred by the Contractor in respect thereof plus a profit equal to Five per cent (5%) of such costs.

C. It is understood and agreed by the parties hereto that the costs incurred by the Contractor under Paragraph B hereof shall not be considered part of the costs of production in determining the bonus payable under the provisions of Paragraph A, sub-paragraph (a) (iii) hereof.

D. His Majesty will pay to the Contractor:

- (i) the costs incurred by Vickers in respect of 150 PBV-1A airplanes as set out in Section 9 of the said agreement dated January 25, 1944;
- (ii) a profit in respect thereof equal to Five per cent (5%) of such costs.

E. It is understood and agreed by and between the parties hereto that the costs referred to in clause (i) of sub-paragraph (a) of Paragraph A, clause (i) of sub-paragraph (b) of Paragraph A and clause (i) of Paragraph D all of this Section 1 have been reimbursed to the Contractor under the provisions of Paragraph A of Section 10 of an Agreement bearing even date herewith between the same parties but such costs shall, for accounting purposes, be kept separate and distinct from all other costs of the Contractor.

F. (a) The fee for which provision is made in clause (ii) of sub-paragraph (a) of Paragraph A shall be payable upon the delivery of each airplane and it is understood and agreed that in the case of airplanes requiring modifications, as set out in Paragraph B hereof, such airplanes shall be deemed to be delivered for the purpose of payment of such fee when such airplanes have been delivered to the apron complete in all other respects except as to such modifications and any test flights required under the terms of the said agreement of January 25, 1944.

(b) It is understood and agreed that the fee for which provision is made in clause (ii) of sub-paragraph (b) of Paragraph A hereof will be included in the payment to the Contractor provided for in clause (ii) of Paragraph E of Section 8 of the agreement between the same parties bearing even date herewith and shall be payable on the execution of such agreement as provided in paragraph E of Section 10 of such agreement.

(c) The bonus for which provision is made in clause (iii) of sub-paragraph (a) of Paragraph A and the profit for which provision is made in clause (ii) of Paragraph D shall be payable so soon as final costs are available and such bonus and profit respectively are finally determined.

2. This agreement may be referred to as Amendment No. 1 to the said agreement dated January 25, 1944, and, except to the extent that the same shall be varied by Section 1 hereof, the said agreement is hereby confirmed.

In witness whereof this agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of Munitions and Supply and by the Secretary of the Department of Munitions and Supply and has been executed by the Contractor under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, sealed and delivered in the manner aforesaid on behalf of His Majesty the King in right of Canada in the presence of:

E. YOUNG  
*Witness*

G. K. SHEILS  
*Deputy Minister*

D/S

Signed, sealed and delivered in the manner aforesaid on behalf of Canadian Vickers Limited, in the presence of:

MARJORIE E. BOWMAN  
*Witness*

R. T. DONALD  
*Secretary*

J. E. LABELLE  
*President*

C/S

CHARLES GAUSIE  
29/11/44

J. W. SAVIDANT  
*Secretary*

Approved 29th Nov. 1944  
F. H. BROWN

I hereby certify that the within is a true copy of an Original Agreement dated the 11th day of November, 1944, made between His Majesty the King in right of Canada and Canadian Vickers Limited.

C. E. NICHOLS  
*Supervisor of Dittoed Contracts  
Main Pool*

#### SCHEDULE "A"

Office of the Aircraft  
Controller

When replying refer  
to File WSL 72-348

#### DEPARTMENT OF MUNITIONS AND SUPPLY

Ottawa, Canada

August 25th, 1944.

CANADIAN VICKERS LIMITED,  
Aircraft Division,  
P. O. Box 6087,  
Montreal, Quebec.  
Dear Sirs:

*Re:* Contract NOa (s) 296—Model OA-10A Aircraft—Modifications in Radio Equipment and Electrical, Radar and Hull Stringer Installations.

I refer you to the 230 Canso "A" (OA-10A) airplanes being produced by your Company under contract with this Department.

You are hereby authorized and instructed to introduce in the foregoing airplanes, at such point of time as will not delay the production thereof, the



modifications requested by the Bureau of Aeronautics of the United States Navy Department, as indicated in the annexed copy of letter, Serial #139301, dated August 10, 1944, and the United States Army Air Forces' letter of July 21, 1944, and the memorandum report of June 22nd, 1944, attached thereto.

Please advise me of the amount of any cancellation charges which may be incurred on account of purchased equipment or material as a result of these modifications.

Information concerning any change in the unit cost of the airplanes involved, together with the effect on weight, balance and performance, and the effectivity of these modifications, should be forwarded to Mr. R. W. Howe, Production Engineering Group, P.C.U., Aircraft Production Branch of this Department, as soon as the information is available.

Yours very truly,

GEO. W. MacDONALD,

*for the Aircraft Controller.*

File No. WSL 72-348  
P.C. 628

This agreement made in duplicate this 25th day of January, 1944. To take effect as of the 12th day of November, 1943. Between: His Majesty the King in the right of Canada (hereinafter called "His Majesty") herein acting and represented by the Honourable the Minister of Munitions and Supply of Canada (hereinafter called "the Minister") of the first part and Canadian Vickers Limited, Montreal, Quebec (hereinafter called "the Contractor") of the second part.

Witnesseth that the parties hereto agree as follows:

### 1. *Contract Documents and Interpretation*

A. The following documents shall be read herewith and shall be applicable to and form part of this contract, subject as herein expressly provided:

- (i) General Conditions Form M. & S. 1306 referred to in Order-in-Council P.C. 6284;
- (ii) Costing Memorandum Form M. & S. 433 referred to in Order-in-Council P.C. 6284;
- (iii) Labour Conditions Form M. & S. 154 (revised) annexed hereto;
- (iv) The Specifications referred to in Section 2 hereof.

B. The term "Inspector as used herein means the Air Member for Aeronautical Engineering, Department of National Defence for Air, and shall extend to any of the officers or representatives of the Department of National Defence for Air acting under the Air Member for Aeronautical Engineering; provided that all instructions and directions or certificates given or decisions made by anyone acting for the said Air Member for Aeronautical Engineering shall be subject to his approval and prior to such approval may be cancelled, altered, modified and changed as to the said Air Member for Aeronautical Engineering may seem fit.

### 2. *Subject Matter*

The contractor agrees to manufacture, sell, supply and deliver to His Majesty

- (a) 230 Model Canso "A" Airplanes in accordance with Royal Canadian Air Force Specification No. Air-18-17 (or modifications thereof as hereinafter provided);

- (b) Spare parts for the said 230 airplanes to the value of approximately 40 per cent of the value of said 230 airplanes. Said spare parts shall be furnished in accordance with Appendix A annexed hereto.
- (c) All manuals and other publications required for similar airplanes delivered to the Royal Canadian Air Force.

### 3. *Drawings and Specifications*

A. The airplanes specified in paragraph 2 hereof are to be constructed in accordance with Department of National Defence Specification Air-18-17 Issue 3, dated November 6th, 1943, except that: (1) the airplanes are to be marked with United States Army Air Force insignia, serial numbers and model designation before delivery; (2) carburetor settings and fuel systems placards will be changed to accommodate 100 octane fuel; (3) ARN-1 Radio Altimeter will be installed during production of such of the said airplanes as are produced after approximately February 1st, 1944.

B. The contractor will introduce, at such point or points of time in the production of the said airplanes and spare parts, as will not delay the production thereof, said modifications as the Aircraft Controller (Department of Munitions and Supply) may from time to time by notice to the contractor, require. Without limiting the generality of the foregoing, it is anticipated that the said modification will be the same as those required by the Department of National Defence for Air (Royal Canadian Air Force).

### 4. *Warranties and Correction of Defects*

The contractor warrants that the airplanes and spare parts delivered under this agreement will conform to the specifications specified in Section 3 A hereof and will be free from all defects of material and workmanship. This warranty shall remain in force as to each airplane and spare part for six months after final acceptance of the particular airplane or spare part.

Material, parts and the necessary services for the correction of defects in material, construction or installation are to be furnished by the contractor without cost to His Majesty, f.o.b. the Contractor's plant; provided that the Minister shall notify the contractor of such defects not later than six months after the final acceptance of the particular airplane or spare part.

### 5. *Delivery*

Subject to the provisions of clause 16 of the General Conditions, deliveries shall be made as follows:

(a) Each of the airplanes shall be delivered, set up, properly serviced with gasoline and oil, airworthy in every respect and ready for flight at or near the plant operated by the Contractor at Cartierville, Quebec, in accordance with the following delivery schedule:

In the year 1943—During December, 4 airplanes.

In the year 1944—During January, 9 airplanes.

During February, 9 airplanes.

During March, 10 airplanes.

During April, 13 airplanes.

During May, 12 airplanes.

During June, 16 airplanes.

During July, 30 airplanes.

During August, 30 airplanes.

During September, 30 airplanes.

During October, 30 airplanes.

During November, 30 airplanes.

During December, 7 airplanes.

(b) The spare parts shall be delivered in accordance with Appendix A annexed hereto.

*d. Price*

A. His Majesty will pay to the contractor for each of the said airplanes and for the said spare parts such price as shall be agreed upon between the Minister and the contractor. Such price shall be fixed as soon as possible after the delivery of the first fifty-one airplanes to be produced by the contractor under this agreement.

B. If His Majesty and the contractor are unable to agree upon a price under the provisions of paragraph A of this Section 6, the contractor shall be paid his costs plus such amount by way of profit as the Minister considers fair and reasonable.

C. It is hereby agreed that the costs reasonably and properly incurred by the contractor for materials procured for the purposes of the contract and which are in excess of the actual requirements will—if and to the extent such overpurchasing shall be reasonable and proper and in accordance with good manufacturing practice in the provisioning of materials—be treated as an item of cost of the said aircraft. If the parties are unable to agree upon the extent to which such overpurchasing is reasonable, the matter shall be referred to arbitrators under the provisions of clause 34 of the General Conditions.

*7. Progress Payments*

A. His Majesty agrees to make progress payments to the contractor semi-monthly to reimburse the contractor for:

- (a) The laid-down cost reasonably and properly incurred by the contractor for materials and parts procured for the performance of this contract (including the cost of jigs and tools), provided said cost has been paid by and such materials and parts have been delivered to the contractor;
- (b) The cost of productive labour used and paid for by the contractor and properly chargeable to the contract;
- (c) An amount for overhead fixed for the purposes of such progress payments only at such percentage of the cost of productive labour referred to in subparagraph (b) as shall be specified, from time to time, by the Chief Cost Accountant for the Department of Munitions and Supply after consultation with the contractor.

Provided that the total amount payable by way of progress payments under the provisions of (a), (b) and (c) of this clause shall not exceed in the aggregate the sum of Sixty-one million one hundred eighty thousand dollars (\$61,180,000.00).

B. The claims for progress payments provided for herein shall be made in accordance with such instructions as the Chief Cost Accountant of the Department of Munitions and Supply may from time to time give and said claims are to be accompanied by a certificate of the Inspector stating that in his opinion the materials for which payment is claimed are suitable for the purpose of the work and have been received and that the labour for which payment is claimed is properly chargeable to the contract and has been properly performed. The issuance of such certificate by the Inspector shall be a condition precedent to the right of the contractor to receive progress payment.

C. It is distinctly understood and agreed that all progress payments hereunder made to the contractor shall be deemed to be interim only and without prejudice to His Majesty's right to make a comprehensive audit and



to have a full accounting after completion of the work. As soon as is reasonably possible after completion of the work, an adjustment and final settlement shall be made between the parties hereto. It is understood and agreed that in the event that it is found that the total payments made to the contractor are in excess of the total amount to which the contractor is entitled under this agreement, the amount of such excess shall be refunded promptly by contractor, or at the option of His Majesty may be retained from any amounts payable or to become payable to the contractor by His Majesty under any contract between the parties hereto.

#### 8. *Interchangeability*

The contractor shall use in the manufacture of the airplanes and spare parts to be delivered under this contract suitable jigs, fixtures and/or other devices and appliances in all processes necessary to insure interchangeability and uniformity of the airplanes and spare parts manufactured by the contractor.

#### 9.

A. The contractor will furnish to the Minister, as soon as possible, a list of all materials, parts and equipment which the contractor has ordered (except orders heretofore cancelled), acquired or constructed under the authority of the letter from the Minister dated February 19th, 1943, authorizing the production of 150 Model PBV-1A airplanes. The said lists shall show actual or estimated costs to the contractor of the items listed, determined in accordance with the provisions of the Costing Memorandum, Form M. & S. 433. The contractor will also furnish a similar list of jigs, tools, dies, gauges, standards and fixtures peculiar to Model PBV-1A airplanes and not useful in the manufacture of Model Canso "A" airplanes ordered (except orders heretofore cancelled), acquired or constructed by the contractor together with a statement of the amount of the actual cost or estimated cost thereof to the contractor. His Majesty will pay to the contractor the amount of all the aforesaid costs, and such amount by way of profit as the Minister deems to be fair and reasonable.

B. The contractor will cancel any/or all such orders and/or dispose of any such materials, parts, equipment, jigs, tools, dies, gauges, standards, fixtures in such manner as may be directed or approved by the Minister, and all proceeds of sales thereof shall be deducted from the amounts payable by His Majesty to the contractor under paragraph A of this Section 9.

#### 10. *Changes in General Conditions*

The following changes in and/or additions to the General Conditions are agreed to by the parties:

- (a) The following paragraph is to be added at the end of Clause 7:
- (e) The Contractor may make such tests and such flight tests as may be considered necessary or advisable and will make at least one flight test of each airplane prior to its delivery and acceptance, and such flight tests or test shall be of not less than two hours duration in total, for the purpose of securing and checking proper alignment and satisfactory functioning in the air.
- (b) At the end of Clause 8, add the following sentence:

"The decision of the inspector, however, will not affect the liabilities or obligations of the Contractor under paragraph 4 of this contract."

(c) The following is to be added to Clause 10:

"The contractor shall conduct such inspections, demonstrations and trials as the inspector may request."

(d) Clause 13 is deleted and the following substituted therefor:

(i) Except as provided in sub-clause (ii) and (iv) of this Clause 13, His Majesty will not pay the cost of any Insurance carried by the Contractor on any property (including Government issue), the title to which is vested in His Majesty. The Contractor shall, however, take reasonable and proper care of all such property and shall be responsible for loss thereof or damage thereto resulting from its failure to do so, save and except any loss or damage to such property caused by fire, sabotage or riot.

(ii) Notwithstanding the provisions of sub-clause (i) of this Clause 13, loss of and damage to materials and parts supplied by the Contractor, and work in process performed by the Contractor, whether or not the title thereto is vested in whole or in part in His Majesty, shall be at the risk of the Contractor until final acceptance thereof on behalf of His Majesty; but with respect to work for which a price other than a fixed price is payable, the cost reasonably and properly incurred by the Contractor in insuring such materials, parts and work in process against loss or damage prior to final acceptance of the completed aircraft and/or parts on behalf of His Majesty, including test flight insurance and reasonable insurance upon the Contractor's test pilots and crews, and the proper proportion of the cost of insurance placed by the Contractor on that part of its plant, buildings, machinery and equipment which is used in connection with the work to be performed under this contract, shall be chargeable to His Majesty as part of the cost of such aircraft and/or parts. It is hereby understood and agreed that the proceeds of test flight and ground risk insurance placed by the Contractor under the provisions of this sub-clause (ii) shall be paid first to the Contractor as its interest may appear and the balance to His Majesty, and that any loss sustained for which full indemnity is not recoverable by reason of the operation of any "deductible clauses" to which such insurance may be subject shall be borne by His Majesty.

(iii) His Majesty shall indemnify and save harmless the Contractor from and against loss of or damage to materials, parts and work in process caused by uninsurable risks of loss or damage resulting other than from fault of the Contractor. His Majesty shall also indemnify and save harmless the Contractor from and against any and all claims by third parties for injuries, including injuries resulting in death, and for loss of or damage to property which may be caused by or result from or be suffered in connection with the test flying by the Contractor of the aircraft to be manufactured under this contract save and except any claims for injuries, including injuries resulting in death, suffered by any occupant of such aircraft while being test flown by the Contractor.

(iv) Notwithstanding the provisions of sub-clause (ii) of this Clause 13, loss of and damage to aircraft manufactured under this contract shall, unless covered by the terms of any insurance policy that the Contractor may have in force, be at the risk of His Majesty while being test flown by the Contractor, his agents or representatives.

(v) His Majesty shall pay to the Contractor the cost of boiler explosion insurance carried by the latter upon, or in respect of, pressure vessels on which the safety valve is set to relieve or which operate at a pressure of 15 pounds per square inch or more which are located in buildings owned by His Majesty or owned by the Contractor and in which it is carrying on work for His Majesty at the cost of the latter. Such insurance shall be carried with a Company which provides a thorough inspection service. The cost of boiler explosion insurance

other than as provided in this sub-clause (v) shall not be chargeable to His Majesty as part of the cost of the work to be performed under this contract.

(e) Clause 17 is deleted and the following substituted therefor:

(i) His Majesty shall indemnify the contractor against claims, actions or proceedings for the infringement of any patent based upon the use of any invention protected by such patent in carrying out this contract in respect of anything the model, plan or design of which shall have been supplied by or on behalf of His Majesty to the Contractor, but this indemnity shall apply to this contract only.

(ii) Save and except as set forth in sub-clause (i) of this clause and subject as hereinafter provided, the contractor shall indemnify His Majesty against claims, actions or proceedings for the infringement of any patent based upon the use of any invention protected by such patent in carrying out this contract.

(iii) Except with the consent in writing of the Minister and subject to such conditions as the Minister may impose, the Contractor shall not pay and shall direct its sub-contractors not to pay any royalties, licence fees or other amounts for or in respect of the use of any invention protected by any patent in carrying out this contract.

(iv) The Contractor shall forthwith supply to the Minister a statement showing all royalties, license fees or other amounts which the contractor or any of its sub-contractors will or may be obligated to pay or proposes to pay for or in respect of the use of any invention protected by any patent in carrying out this contract and the basis thereof and the parties to whom the same are payable and shall from time to time promptly advise the Minister of any and all claims or arrangements made or proposed which would or might result in payments or further or different payments being made by the contractor or any of its sub-contractors by way of royalties, license fees or otherwise, as aforesaid.

(v) Subject to compliance by the contractor with the provisions of sub-clauses (iii) and (iv) of this clause, His Majesty shall indemnify the contractor against claims, actions or proceedings made or instituted for the recovery of any royalties, license fees or other payments referred to in any statement furnished by the contractor as provided in sub-clause (iv) of this clause which the contractor is legally bound to pay and which shall not have been approved by or on behalf of the Minister, and against infringement of any patent protecting the invention for the use of which the contractor is legally bound to pay such royalties, license fees or other payments, and against which His Majesty shall have indemnified the contractor as provided in this sub-clause (v).

(vi) The amount payable to the contractor under this contract shall be reduced by the amount of royalties, license fees and other payments included in the contract price, against which His Majesty shall have indemnified the contractor as provided in sub-clause (v) of this clause.

(f) Clause 18 is deleted.

### *11. Previous Authorization Superseded*

Save and except as herein otherwise expressly provided, all previous communications addressed to the Contractor by or on behalf of the Minister with respect to the production of the foregoing airplanes are superseded by this agreement, it being agreed that all work done and/or payments made pursuant to such previous communications shall be deemed to have been done and/or made under this contract.

In witness whereof this agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of



Munitions and Supply and by the Secretary of the Department of Munitions and Supply and has been executed by the Contractor under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, sealed and delivered in manner aforesaid on behalf of His Majesty the King in right of Canada in the presence of:

M. A. McGILP  
*Witness*

G. K. SHEILS  
*Deputy Minister*

D/S

R. T. DONALD  
*Secretary*

Signed, sealed and delivered in the presence of:

JAS. B. HATCHER  
4468 Harvard Ave., *Witness*  
Montreal, P.Q.

Canadian Vickers Limited  
per "J. EDOUARD LABELLE"  
*President*

C/S

per "J. W. SAVIDANT"  
*Secretary*

"C.G." 16/12/43  
CHARLIE GAVSIE  
4/2/44  
F. T. SMYE  
Dec. 23/43

I hereby certify that the within is a true copy of an Original Agreement dated the 25th day of January, 1944, made between His Majesty the King in the right of Canada and Canadian Vickers Limited, save and except that there have been omitted therefrom the following:

Labour Conditions, M. & S. 154 (Revised) P.C. 7679

M. NOBLE,  
*Supervisor of Dittoed Contracts*  
*Main Pool.*

## APPENDIX A

### SPARE (MAINTENANCE) PARTS PROVISIONING PROCEDURE

#### *Purpose and Application*

1. This Appendix prescribes, among other things, the procedure to be followed by the contractor, His Majesty and the Government in determining the spare parts to be furnished under the contract and the manner in which they will be packed and shipped. This procedure is intended to enable the contractor to deliver concurrently with the airplanes the spare parts appearing on his initial selection, which will constitute in normal cases most of the spare parts of the Spare Parts Order as finally determined.

2. Army-Navy Aeronautical Specification AN-M-9, dated November 24, 1942, applies to and shall be used in connection with this Appendix. Where any of the terms or provisions of that specification conflict with the terms or provisions of this Appendix, this Appendix shall govern.

#### PART I—*Determination of the Spare Parts to be Furnished*

1. (a) His Majesty furnishes to the contractor as Schedule 2 hereto a standard operational quota list as a guide to determining and establishing the items and quantities of spare parts to be furnished in the Operational Quotas described in Part V hereof.

2. *Production pending settlement of Prices.*—When the approval of the Bureau of Aeronautics and of His Majesty is endorsed upon the Production List of Spare Parts heretofore furnished by the contractor, the contractor shall be obligated to proceed with the manufacture and delivery of the spare parts on such section, as necessary to accomplish concurrent delivery of the spare parts thereon, and His Majesty shall be obligated to accept the spare parts so furnished subject to the approval of prices or estimated costs thereof as shown on the Spare Parts Order when established as hereinafter provided.

## PART II—*The Spare Parts Order*

### 1. *Submission and Approval*

- (a) As early as possible, but not later than thirty (30) days after delivery of the first production airplane, the contractor shall submit to His Majesty for transmittal to the Navy Department, Bureau of Aeronautics, Procurement Branch, Washington, D.C., one (1) reproducible and three (3) non-reproducible copies of a complete Maintenance Parts Breakdown compiled in accordance with Army-Navy Aeronautical Specification AN-M-9, dated November 24, 1942.
- (b) The four copies of that part of the Maintenance Parts Breakdown set forth on Form ASC-229 (or equivalent) shall be a compilation of all sections of the Production List with necessary changes and revisions to date. The copies shall be labelled "Spare Parts Order to Contract No. W.S.L. 72-348, P.C. 1184 (NOa(s)) 296".
- (c) Upon approval by the Bureau of Aeronautics and His Majesty of the prices or estimated costs set forth therein, as they may be revised by agreement, the copy on Form ASC-229 labelled "Spare Parts Order to Contract No. W.S.L. 72-348, P.C. 1184 (NOa(s)) 296" shall become the Spare Parts Order of the contract, and the contract price or estimated cost and fixed fee shall be amended in accordance with the total price or estimated cost of the Spare Parts Order.

## PART III—*Delivery*

1. *Production List.*—The spare parts set forth in the Production List shall be delivered concurrently.

2. *Additional Parts.*—The Government may within 30 days after delivery of the first production airplane, request additional spare parts or quantities above and beyond the Production List. The contractor shall make every effort to deliver concurrently any such additional parts or quantities. In any event, delivery of such additional parts or quantities shall be completed not later than sixty (60) days after delivery of the last airplane.

3. *Concurrent Delivery Defined.*—Concurrent delivery means that the total quantity of spare parts to be furnished shall be delivered prior to or concurrently with and in proportion to the quantity of airplanes delivered in each month provided the parts (and quantities thereof) are defined in sufficient time. When a fractional portion of more than one-half ( $\frac{1}{2}$ ) of a spare part is involved in this arrangement, a complete part shall be delivered.

4. *Point of Delivery.*—All spare parts shall be delivered f.o.b. the plant of manufacture or such other place as may be agreed upon by the Inspector of Naval Aircraft and the contractor.

5. *Increase or Decrease.*—Deliveries varying not more than ten per cent (10%) from the quantities called for will be accepted as complying with the contract if approved by the Bureau of Aeronautics and by His Majesty, in which event payments will be adjusted accordingly.

PART IV.—*Changes in Production Design*1. *Determination of Effect on Spare Parts*

- (a) The contractor shall determine the effect on spare parts (material, prices and deliveries, as well as items and quantities) of all design changes incorporated in the airplanes involved, whether such design changes are made at the request of His Majesty or are initiated by the contractor. If as a result of such design changes, the old and new parts are interchangeable, the contractor shall to the extent practicable, delete or reduce the quantity of items so rendered obsolete.
- (b) If the old and the new parts are not interchangeable, the old part shall be reduced in quantity to the extent that the contractor's schedules, ordering, procurement and fabrication will permit, but in any event the quantity of the old part to be furnished shall be not less than an amount which bears the same proportion to the original total quantity of the part as the number of airplanes in which the change is not to be incorporated in the production line bears to the total number of airplanes covered by the contract.
- (c) Whether the old and new parts are interchangeable or not, the quantity of the new part to be furnished shall be an amount which bears the same proportion to the original quantity of the part as the number of airplanes in which the change is incorporated in the production line bears to the total number of airplanes covered by the contract.
- (d) Delivery of the new part shall be concurrent with delivery of the airplanes affected.

2. *Retroactive Changes.*—Insofar as design changes are made retroactive to airplanes in service and the contractor is to furnish the necessary parts to accomplish such retroactive modification, the contractor shall also furnish the necessary parts to accomplish the change retroactively in the spare parts which may have been delivery, and such parts as to which the contractor shall be entitled to receive payment shall be included in the revised pages submitted under paragraph 3 below.

3. *Revision of Spare Parts Order*

- (a) The contractor shall advise the Bureau of Aeronautics and His Majesty as to the effect on spare parts of such design changes and for this purpose, shall periodically submit necessary amendments to the Maintenance Parts Breakdown and the Spare Parts Order in accordance with Specification AN-M-9, dated November 24, 1942 in the form of revised pages thereto.
- (b) The revised pages to the Spare Parts Order shall be submitted to the Inspector of Naval Aircraft at the contractor's plant for his written approval. Before the Inspector of Naval Aircraft endorses his approval on such revised pages to the Spare Parts Order, the Contractor shall deliver to the Inspector of Naval Aircraft a statement of the net effect which the changes contained in the revised pages will have on the aggregate price or estimated cost of the spare parts called for in the Spare Parts Order. That statement shall be in the form of a letter addressed to the Bureau of Aeronautics and to His Majesty, and shall be forwarded by the Inspector of Naval Aircraft, via His Majesty, to the Navy Department, Bureau of Aeronautics, Procurement Branch, Washington, D.C., along with the copies of the revised pages to the Maintenance Parts Breakdown and the Spare Parts Order, as required by Specification AN-M-9, dated November 24, 1942.



- (c) Upon such written approval, endorsed upon the revised pages of the Spare Parts Order, and after preliminary approval by His Majesty, the contractor shall be obligated to furnish the spare parts listed thereon and, if the contract is a fixed price contract, the contractor upon delivery of spare parts listed on such revised pages, shall be paid therefor at the prices shown thereon; provided, however, that the prices or estimated costs of such spare parts shall be subject to review by His Majesty and in the event of any revision appropriate adjustments shall be made.
- (d) In addition to the copies referred to above, the contractor shall deliver one (1) non-reproducible copy of each such revised sheet of the Spare Parts Order, so approved by the Inspector of Naval Aircraft and preliminarily approved by His Majesty, to the Inspector of Naval Aircraft, which shall be retained by the Inspector of Naval Aircraft.
- (e) Any necessary or appropriate changes to the contract shall be made from time to time as agreed upon by the contractor and His Majesty.

#### PART V.—*Packing and Shipping*

##### 1. Operational Quotas

- (a) *Number*—There shall be twenty-three (23) Operational Quotas.
- (b) *Contents*—An Operational Quota shall contain such items and quantities of spare parts as are deemed necessary to maintain ten (10) airplanes for a period of approximately ninety (90) days. The contents of the Operational Quotas shall, with the approval of His Majesty, be determined by agreement between the Bureau of Aeronautics and the contractor, guided by Schedule 2 hereto, and such determination shall be made not later than thirty (30) days before delivery of the first production airplane.
- (c) *Packing*—The Operational Quotas (except as limited below) shall be packed in suitable export containers. The export containers shall be marked with the airplane model number, the letters "OP" and the quota number. The contents of each container shall be listed on a packing sheet, one copy of which shall be placed within the container and one affixed to the outside of the container. Operational Quota spare parts which are of a size, weight or bulk to prohibit their being transported by air shall be packed for export by surface carrier only. Spare parts shall be considered unsuitable for transport by air if they cannot be packed in containers of the following maximum dimensions: Containers 100" or less in length will not exceed 36" in width and 60" in height; containers over 100" in length will not exceed 150" in length and will be limited to 29" in width and 50" in height.

##### 2. All Other Spare Parts

- (a) The balance of all the spare parts of the Spare Parts Order may be shipped as bulk material, but for purposes of scheduling deliveries, "B" and "C" lists shall be established by the Bureau of Aeronautics.
- (b) Such spare parts allocated to overseas destinations shall be packed for export shipment, and those parts allocated to points within the continental limits of the United States shall be packed for domestic shipment. Spare parts which may be required to be shipped by air carrier shall be packed in suitable air cargo containers. Packing cases for such spare parts shall be marked with the airplane model number, the letter "B" or "C" as appropriate, and the box number.

### 3. *Shipping and Destination*

- (a) All spare parts shall be shipped on Government Bills of Lading to destinations contained in shipping instructions which shall be given to the contractor by the Inspector of Naval Aircraft at the contractor's plant not later than thirty (30) days prior to delivery of the first production airplane.
- (b) Changes in shipping or packing instructions may be made by the Bureau of Aeronautics upon reasonable notice prior to delivery; provided, however, that the Operational Quotas as set forth in paragraph I of this Part V shall be revised only by agreement between the contractor and His Majesty, at the request or with the approval of the Bureau of Aeronautics.

4. *Navy Packing Specifications*.—Unless otherwise specifically provided herein, the prevailing U.S. Navy specifications regarding packing will be applicable and shall be complied with.

5. *Identification of Spare Parts*.—All spare parts are to be suitable stamped or tagged so as to permit ready identification by part number and nomenclature. Nomenclature will be in sufficient detail to identify the part and where it assembles on the airplane (for example: Bracket—Ailerons static balance weight).

## PART VI—*Progress Reports*

1. *Monthly Report*.—The contractor shall furnish the Inspector of Naval Aircraft a monthly report of the status of deliveries of the spare parts as of the last day of each month, beginning with the first month in which any spare parts are delivered or the month in which the first production airplane is delivered, whichever is earlier.

2. *Form*.—Such report shall be in the form attached hereto as Schedule 3 and shall be delivered in twelve (12) copies.

3. *Delinquent Deliveries*.—If such report shows that the contractor is delinquent on deliveries of any spare parts, the contractor shall also submit, on or before the fifteenth day of the month following the month covered by such report, an itemized statement of spare parts as to the delivery of which the contractor is delinquent. The statement shall include the contract item number, part number, nomenclature, quantity delinquent, and name of supplier for each such part, a statement of the reasons for such delinquency and an estimate of when such spare parts will be delivered.

## PART VII—*Supplementary Supplies of Spare Parts*

1. *Separate Contracts*.—Supplementary supplies of spare parts shall be procured under separate contracts. Selection of supplementary supplies of spare parts shall be made by His Majesty. The prices of such spare parts and the terms of contracts in respect thereof shall be negotiated at the time orders therefor are placed, and shall not be governed by the prices and terms of the airplane supply contract to which this Appendix is attached.

2. *Design Changes*.—If production design changes affect supplementary supplies of spare parts covered by separate contracts, His Majesty and the contractor shall promptly negotiate any changes in such contract which may be required or desirable.

Schedule 3 to Appendix A  
to Contract W.S.L. 72-348,  
P.C. 1134 (N a(s) 296).

## SPARE (MAINTENANCE) PARTS DELIVERY REPORT

Contractor:..... Contract No.....

Model:..... Month Ending.....

1. No. Airplanes on Contract
2. No. Airplanes Delivered
3. % Airplanes Delivered
4. No. Spares Items on Contract
5. No. Items Meeting Concurrent Delivery
6. No. Items Delinquent
7. % Items Meeting Delivery

## Deliveries

- |     |           |            |           |
|-----|-----------|------------|-----------|
| 8.  | No. Items | 100%       | Delivered |
| 9.  | No. Items | 90% to 99% | Delivered |
| 10. | No. Items | 80% to 89% | Delivered |
| 11. | No. Items | 70% to 79% | Delivered |
| 12. | No. Items | 60% to 69% | Delivered |
| 13. | No. Items | 50% to 59% | Delivered |
| 14. | No. Items | 40% to 49% | Delivered |
| 15. | No. Items | 30% to 39% | Delivered |
| 16. | No. Items | 20% to 29% | Delivered |
| 17. | No. Items | 10% to 19% | Delivered |
| 18. | No. Items | 1% to 9%   | Delivered |
| 19. | No. Items | NONE       | Delivered |

P.C. 8991

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General in Council on the 28th November, 1944.*

The Committee of the Privy Council have had before them a report, dated 28th November 1944, from the Minister of Munitions and Supply, representing:

1. That the Canadian Government is the owner of an aircraft manufacturing plant located at Cartierville, Quebec, which is being used by Canadian Vickers Limited (hereinafter called "Vickers") for the purpose of producing airplanes, airplane parts and components and overhauling, repairing and servicing the same, under agreements with and letters of authority and orders from the Canadian Government and third parties;

2. That the contracts placed with Vickers related principally to Canso Amphibian aircraft and these contracts have been substantially completed;

3. That in March, 1944, Vickers were instructed to proceed with the production of DC-4 airplanes and it is now anticipated that the production of these airplanes will form the major part of the work in the plant;

4. That arrangements have been made, subject to the approval of Your Excellency in Council, whereby, effective as at midnight November 11, 1944, Vickers shall surrender and deliver up the possession and control of its entire Cartierville aircraft plant as a going concern to the Canadian Government and shall cease the performance of any work in the said plant under all outstanding contracts and orders, all of which shall be transferred to the Canadian Government;



5. That it is proposed that as from midnight November 11, 1944, the said plant shall be operated by Canadair Limited (hereinafter called "Canadair") as hereinafter set forth;

6. That the arrangements with Vickers and Canadair will provide:

- (a) The Government will take over the Cartierville Aircraft Division as a going concern and will assume all outstanding obligations and liabilities of Vickers in respect thereof, other than liabilities for income taxes, excess profits taxes and liabilities not related to the continued operation of the plant;
- (b) The Government will make payment on all production contracts for Canso Amphibian airplanes, spare parts and components, in accordance with the terms of such contracts;
- (c) The Government will make payment on all miscellaneous orders and acceptances of tender placed by it with Vickers on the basis of cost plus a profit of 5 per cent;
- (d) The Government will make payment on all outstanding plant expense orders on the basis of actual cost;
- (e) The Government will make payment to Vickers of the costs incurred in respect of the production of DC-4 airplanes, including the cost of jigs and tools made at the Vickers Maisonneuve plant, work in process in the Cartierville Aircraft Division and also the proper travelling expenses and salaries of technicians and others engaged on this project, plus a profit equal to 5 per cent;
- (f) The Government will pay the profits received by it in connection with orders placed by others with Vickers (hereinafter referred to as "special orders") which were uncompleted at the time of takeover;
- (g) The Government will pay Vickers for all overhaul and repair work done pursuant to the contract between His Majesty and Vickers, the proper costs incurred by Vickers under the said contract, plus a profit determined in accordance with the provisions of Order in Council P.C. 1575 of March 1, 1943;
- (h) The Government will purchase from Vickers the machinery and equipment owned by Vickers and presently located in or about the said plant for the sum of \$100,800;
- (i) The Government will pay Vickers for all inventories at cost and all prepaid expenses less all accounts payable, accrued charges, wages, salaries and taxes and all amounts heretofore paid to Vickers on account thereof;
- (j) The fee, bonuses and profits under items (b), (excluding the first 89 airplanes), (c), (e), (f) and (g), shall be payable to the extent of \$2,500,000 to Vickers and the balance, if any, to Canadair;

7. That the contract with Canadair will provide:

- (a) That Canadair will take possession of the plant and will, for and on behalf of the Government, carry out and perform the obligations of the Government under the agreement to be entered into with Vickers to give effect to the foregoing arrangements, except insofar as the said agreement concerns the obligations of the Government to pay moneys to Vickers;
- (b) That Canadair will perform any additional work which the Government may request it to perform in the plant;
- (c) That the Government will pay or reimburse Canadair for the reasonable and proper cost of performing all work under the contract, the

funds therefor to be provided by way of a guarantee by the Government of a bank overdraft, in accordance with the provisions of Order in Council P.C. 3542 of May 4, 1943;

- (d) That the fees payable to Canadair shall be:
- (i) with respect to the work remaining to be completed under the contracts and orders placed with Vickers as set forth in paragraph 6 hereof, the amount, if any, referred to in subparagraph (j) of paragraph 6 hereof;
  - (ii) with respect to the work to be performed by Canadair on DC-4 airplanes, such fees as may be agreed upon between the Government and Canadair;
  - (iii) with respect to additional work, if any, which Canadair may hereafter be requested to perform by the Government under this contract, such fees as may be agreed upon between the Government and Canadair;
- (e) That the contract with Canadair shall remain in effect from November 11, 1944, until completion by Canadair of all work contemplated hereunder;

8. That the proposed arrangements are considered to be fair and reasonable and in the public interest.

The Committee, therefore, on the recommendation of the Minister of Munitions and Supply, advise that the proposed arrangements be approved and that the Minister of Munitions and Supply be authorized to execute such contracts as may be necessary to give effect thereto.

A. D. P. HEENEY,  
Clerk of the Privy Council.

P.C. 8992

#### PRIVY COUNCIL CANADA

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 28 November 1944*

The Committee of the Privy Council have had before them a report, dated 28th November, 1944, from the Minister of Munitions and Supply, representing:

1. That pursuant to the authority granted by Order in Council P.C. 3816 (1942) Canadian Vickers Limited (hereinafter called "the Company") was authorized to proceed with the production of 264 Canso Amphibian airplanes, payment therefor to be on the basis of a price to be agreed upon;

2. That the quantity of airplanes to be produced has subsequently been reduced to 50, the said airplanes being required to fulfil Department of National Defence for Air Contract Demand T.P. 1793;

3. That pursuant to the authority granted by Order in Council P.C. 628 (1944) a contract was entered into, dated January 25th 1944, with the Company for the production of 230 Canso Amphibian airplanes, at a price to be agreed upon between the Minister of Munitions and Supply and the Company as soon as possible after the delivery of the first 51 airplanes under the contract, the said airplanes being required for delivery to the United States Navy Department;

4. That the said 51 airplanes have now been produced and it is proposed, subject to the approval of Your Excellency in Council, to pay the Company for the airplanes referred to in paragraphs 2 and 3 hereof, the following:

- (a) the laid down cost incurred in the production of the airplanes, including the cost of jigs and tools;

- (b) a fee of \$4,500 per airplane;
- (c) if the cost of production (less the cost of jigs and tools) is less than \$150,000 per airplane, a bonus of 25 per cent of the difference between the cost of production and \$150,000;
- (d) the cost of modifications to the said airplanes ordered by the Aircraft Controller of the Department of Munitions and Supply, plus 5 per cent;

5. That the said contract of January 25th 1944 provided for the reimbursement to the Company of its costs in respect of the production of 150 PBV-1A/ airplanes, which were subsequently cancelled, and a profit to be agreed upon between the Minister of Munitions and Supply and the Company and it is therefore proposed, subject to the approval of Your Excellency in Council, to fix the said profit at 5 per cent of the costs incurred by the Company in respect of such production;

6. That from time to time the following orders for spare parts for Canso Amphibian airplanes have been placed, amongst others, with his Company:

P.C. 4248 (1941)—spares for 39 aircraft for R.C.A.F.

P.C. 10867 (1942)—spares for 50 aircraft for R.C.A.F.

P.C. 10722 (1942)—spares for 50 aircraft for R.C.A.F.

P.C. 628 (1944)—spares for 230 aircraft for United States Navy;

7. That the estimated value of the spare parts is \$7,100,000 and it is proposed, subject to the approval of Your Excellency in Council, to pay the Company the cost thereof plus a fixed fee of \$350,000; and

8. That the proposed arrangements are considered to be fair and reasonable.

The Committee, therefore, on the recommendation of the Minister of Munitions and Supply, advise that the proposed arrangements be approved and that the Minister of Munitions and Supply be authorized to execute such contracts as may be necessary to give effect thereto.

A. D. P. HEENEY,

*Clerk of the Privy Council.*

## AGREEMENT BETWEEN HIS MAJESTY THE KING AND CANADIAN VICKERS LIMITED AND CANADAIR LIMITED

File No. 11-C-3573

P.C. 8991 (1944)

This agreement made in triplicate as of the 31st day of January, 1946. Between: His Majesty the King in right of Canada (hereinafter called "His Majesty") herein acting and represented by the Honourable the Minister of Reconstruction and Supply of Canada (hereinafter called "the Minister") of the first part and Canadian Vickers Limited, Montreal, Quebec, (hereinafter called "Vickers") of the second part and Canadair Limited, Montreal, Quebec, (hereinafter called "Canadair") of the third part.

Whereas, by an agreement made as of the 11th day of November, 1944 between His Majesty and Vickers, Vickers agreed to surrender and deliver up full and complete possession, use, enjoyment, control and operation of its entire Cartierville Aircraft Division as a going concern to His Majesty (said agreement being hereinafter referred to as "the Vickers Agreement"); and an agreement made as of the 11th day of November, 1944 between His Majesty and Canadair, whereby provision was made for the operation of the said Cartierville Aircraft Division by Canadair for and on behalf of His Majesty (said agreement being hereinafter referred to as "the Canadair Agreement"); and



Whereas His Majesty and Vickers have agreed that Schedules "A", "B" and "C" annexed hereto shall be substituted for Schedules "A", "B" and "C" annexed to the Vickers agreement;

Now, therefore, this agreement witnesseth:—

1. It is hereby agreed by and between His Majesty and Vickers that Schedules "A", "B" and "C" hereto annexed are hereby substituted for Schedules "A", "B" and "C" annexed to the Vickers agreement.

2. It is hereby agreed by and between His Majesty and Canadair that the copy of Vickers agreement annexed to and forming part of the Canadair Agreement is hereby revised to conform with the Vickers agreement as amended by Clause 1 hereof.

In witness whereof this agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of Reconstruction and Supply and by the Secretary of the Department of Reconstruction and Supply and has been executed by Vickers and Canadair under their respective corporate seals duly affixed thereto by their respective officers authorized in that behalf.

Signed, sealed and delivered in manner aforesaid on behalf of His Majesty the King in right of Canada in the presence of:

LILIAS JESSIMAN  
Witness

V. W. SCULLY  
Deputy Minister D/S

R. W. MACLEAN  
Secretary

Signed, sealed and delivered in the presence of:

JAS. B. HATCHER  
Witness

CANADIAN VICKERS LIMITED  
Per J. EDOUARD LABELL  
President C/S

Signed, sealed and delivered in the presence of:

"?"  
Witness

Per N. H. SAVIDANT  
Sec'y. Treas.  
CANADAIR LIMITED

Department of Reconstruction and Supply

Approved as to form by  
G. W. MACDONALD  
1-3-46

Per B. A. FRANKLIN  
President C/S  
Per M. OGDEN HASKELL  
Sec'y. Treas

FEDERAL AIRCRAFT LTD.

Approved as to form by legal counsel.

G. H. Montgomery, Jr.

Date 28 Feb./46

Approved as to drawings, specifications, quantity, terms and price by

D. A. DEWEY

Date Feb. 28/46

I hereby certify that the within is a true copy of an Original Agreement dated the 31st day of January, 1946 made between His Majesty the King in right of Canada, and Canadian Vickers Limited, and Canadair Limited.

M. ANDERSON  
Supervisor of Dittoed Contracts  
Main Pool

SCHEDULE "A" TO WHICH REFERENCE IS MADE IN PARAGRAPH E OF  
SECTION 8 OF THE CONTRACT BETWEEN HIS MAJESTY THE KING  
IN THE RIGHT OF CANADA AND CAN. VICKERS LTD., MADE AS OF  
THE 11th DAY OF NOVEMBER, 1944

CONTRACTS AND ACCEPTANCES OF TENDERS FOR SPARE PARTS

| <i>C.V. Job No.</i> | <i>Contracts</i>  | <i>Details</i>                                  |
|---------------------|---|---|
| 1001                | B. 18-38-113/CD. 1533<br>F.E. 9151/PC 4248                        | Spares for 39 Aircraft<br>R.C.A.F.              |
| 1002                | B. 18-26HK-27/CD. 1860<br>F.E. 19474/PC. 10867                    | Spares for 50 Aircraft<br>R.C.A.F.              |
| 1003                | B. 18-26HK-27/CD. 1860<br>F.E. 18954/PC. 10722—Go<br>ahead letter | Spares for 50 Aircraft<br>R.C.A.F.              |
| 1004-5-6            | W.S.L. 72-348<br>U.S.N. No. a (S) 296                             | Spares for 230 Aircraft<br>U.S.N.               |
| 1007                | W.S.L. 72-348<br>U.S.A.A.F. No. a(S) 296<br>Amend No. 1           | U.S. Navy Open End<br>Contract Emergency Spares |
| 1008-9              | W.S.L. 72-348<br>U.S.N. No. a (S) 296<br>Amend No. 1              | Amendments to U.S.N.<br>Spares Orders Job 1004  |
| 1010                | B. 18-26HK-80/CD. TP.<br>11018/FE. 26727—Go ahead<br>letter.      | R.C.A.F. Spares                                 |
| 13209               | B. 18-26HK-12 Serial<br>No. 2-178330                              | Canso Spares                                    |
| 13431               | B. 18-26HK-22/CD. AB. 39<br>F.E. 9628                             | Canso Spares                                    |
| 13436               | B. 18-26HK-22/CD. AB. 39<br>F.E. 9628                             | Canso Spares                                    |
| 13444               | B. 18-26HK-24 Serial<br>No. 2-B-2736                              | Canso Spares                                    |
| 13455               | B. 18-26AJ-23/CD. 1458<br>F.E. 14759                              | Canso Spares                                    |
| 13548               | B. 18-26HK-42/CD. 6311<br>F.E. 21450                              | Canso Spares                                    |
| 13578               | B. 18-26HK-42/CD. 6311<br>F.E. 21450                              | Canso Spares                                    |
| 20093               | B. 18-26HK-26/CD. 6267<br>F.E. 19424                              | Canso Spares                                    |
| 20103               | B. 18-26HK-54/CD. 6351<br>F.E. 22468                              | Hydraulic Tubing and Clips                      |
| 20120               | "   |   |
| 20202               | "   | Stringer<br>Hull Bottom<br>Stainless Steel      |
| 20203               | "   | Locking Wire<br>Parker Elbow                    |
| 20205               | "   | Bracket<br>Panel Assembly<br>Cowl R.H.          |
| 20216               | B. 18-26HK-22/CD. AB. 39<br>F.E. 9628                             | Canso Spares                                    |
| 20225               | B. 18-26HK-54/CD. 6351<br>F.E. 22468                              | Oil Dilution System                             |
| 20250               | B. 18-26HK-32/CD. AB. 39<br>F.E. 9628                             | Canso Spares                                    |
| 20265               | B. 18-26HK-54/CD. 6351<br>F.E. 22468                              | Tail Exhaust Pipe                               |
| 20266               | "   | Hydraulic Tubing                                |
| 20274               | "   | Flex Tube nose Assembly                         |
| 20281               | "   | Cover Rudder Lower Hinge                        |
| 20289               | "   | Cables, Turnbuckles                             |
| 20291               | "   | Support Tunnel Gun Hitch<br>Camera              |
| 20304               | "   | Spacer  |
| 20328               | "   | Base Tail Drift Sight                           |

CONTRACTS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Contracts</i>                             | <i>Details</i>   |
|---------------------|--|--|
| 20341               | B. 18-26F/AIR CD. 1564<br>F.E. 14670/PC 5285 | Tee Piece  |
| 20356               | B. 18-26F/CD. 1565<br>F.E. 14670/PC 5285     | Handles Adjustable<br>Pilot's Set                                |
| 20371               | B. 18-26HK-61/CD. 10015<br>F.E. 22828        | Canso Spares   |
| 20373               | B. 18-26HK-67/CD. AB. 39<br>F.E. 9628        | Canso Spares   |
| 20423               | B. 18-26HK-32/CD. 6351<br>F.E. 22468         | Wheel Keel Thrust<br>Bearing                                     |
| 20428               | "  | Gear Box Assembly  |
| 20459               | "  | Aileron Flap Control<br>Assembly Aileron Tab<br>Control Gear Box |
| 20465               | "  | Exhaust Tail Pipe  |
| 20493               | "  | Cable, Assembly<br>Pendant                                       |
| 20626               | "  | Door Assembly  |
| 20694               | B. 18-26HK-54/CD. 6351<br>F.E. 22468         | Bolt Assembly, Pin<br>Assembly Bracket etc.                      |
| 20789               | B. 18-26HK-32/CD. 6351<br>F.E. 22468         | Door Assembly Nocelle<br>Cowl etc.                               |
| 20811               | "  | Hull Step  |
| 20838               | B. 18-26HK-54/CD. 6351<br>F.E. 22468         | Parts for Main Cylinder and<br>Brake Hydro System                |
| 20844               | "  | Fabric Covered Sponge<br>Rubber                                  |
| 20845               | "  | Washers  |
| 20846               | "  | Gasket, Fairing Door<br>Assembly, etc.                           |
| 20868               | "  | Valves, Hose<br>Wheel Assembly, etc.                             |
| 20873               | "  | Installation First Aid Kit                                       |
| 20880               | "  | Aileron Tab Belt<br>Frame etc.                                   |
| 20886               | "  | Pump Hyd. Hand etc.  |
| 20887               | "  | Fairings, Cables<br>Brackets, etc.                               |
| 20928               | "  | Adapter  |
| 20958               | "  | Adapter  |
| 20975               | "  | Patch Plate  |
| 20979               | "  | Bunk Safety Belt   |
| 20987               | "  | Tube Assembly  |
| 20993               | "  | Conduit Flex   |
| 20994               | "  | Conduit Flex   |
| 21003               | "  | Bracket N.L.G.<br>Bowlock Indicator                              |
| 21004               | "  | Feed Cup Assembly  |
| 21015               | "  | Sealing Strips   |
| 21018               | "  | Aileron Bracket  |
| 21048               | "  | Bunk Rest and Back<br>Assembly                                   |
| 21056               | "  | Flex Conduit C/W End<br>Fitting                                  |
| 21059               | "  | Oil Dilution System  |
| 21061               | "  | Wheel Well Cover Assembly  |
| 21067               | "  | PBY Parts  |
| 21068               | "  | PBY Cables   |
| 21076               | "  | Hydraulic Jack   |
| 21082               | "  | Rib Wing Trailing<br>Edge, etc.                                  |
| 21083               | "  | Spacers  |



CONTRACTS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Contracts</i>        | <i>Details</i>         |
|---------------------|-------------------------|------------------------|
|                     | B. 18-26HK-54/CD. 6351  |                        |
|                     | F.E. 22468              |                        |
| 21084               | "                       | Sea Anchor Storage     |
| 21090               | "                       | Shield and Knobs       |
| 21091               | "                       | Shield and Knobs       |
| 21100               | "                       | R.C.A.F. Open Contract |
|                     |                         | Emergency Spares       |
| 21300               | "                       | "                      |
| 21600               | "                       | "                      |
| 21900               | "                       | "                      |
| 22169               | B. 18-26HK-79/CD. 11000 | Canso Spares           |
|                     | F.E. 25756              |                        |
| 22200               | B. 18-26HK-54/CD. 6351  | R.C.A.F. Open Contract |
|                     | F.E. 22468              | Emergency Spares       |
| 22500               | B. 18-26HK-54/CD. 6351  | R.C.A.F. Open Contract |
|                     | F.E. 22468              | Emergency Spares       |
| 22800               | "                       | "                      |
| 23100               | "                       | "                      |
| 23500               | "                       | "                      |
| 23523               | "                       | "                      |
| (Cancelled)         |                         |                        |

SCHEDULE "B" TO WHICH REFERENCE IS MADE IN PARAGRAPH (F) OF SECTION 8 OF THE CONTRACT BETWEEN HIS MAJESTY THE KING IN THE RIGHT OF CANADA AND CANADIAN VICKERS LIMITED, MADE AS OF THE 11th DAY OF NOVEMBER, 1944

## MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER

| <i>C.V. Job No.</i> | <i>Customer</i>       | <i>Description</i>                       |
|---------------------|-----------------------|--|
| 13058               | Noorduyn Aviation     | Cost of handling Norseman                |
| 13101               | D.N.D.                | Spur Gear for Starting Magneto           |
| 13107               | D.M. & S.             | Stranraer Spares                         |
| 13109               | D.M. & S.             | Modification of Oxford Parts             |
| 13111               | D.M. & S.             | Repairs to PBV Z-2139                    |
| 13161               | D.M. & S.             | Ground Equipment PBV                     |
| 13177               | British Aero Engines  | Manufacture Test Propellers              |
| 13207               | D.M. & S.             | Cost of Sample Parts PBV                 |
| 13239               | Boeing Aircraft       | Support Lever Bombers Door, etc.         |
| 13251               | Fairchild Aircraft    | Spraying Parts                           |
| 13264               | Fairchild Aircraft    | 670 Jettison Valves 3379 Pulleys         |
| 13270               | D.M. & S.             | Hoisting Gear                            |
| 13308               | D.M. & S.             | 10 Sets Link Assembly                    |
| 13309               | D.M. & S.             | Oxford Parts for Repairs                 |
| 13312               | Can. Car & Foundry    | V.G.S. Pulleys                           |
| 13323               | D.M. & S.             | Locking Block                            |
| 13325               | British Aero Engines  | Pegasus Airscoops                        |
| 13329               | Federal Aircraft      | Pulleys                                  |
| 13332               | Federal Aircraft      | Pulleys                                  |
| 13338               | Boeing Aircraft       | Cost Machining Parts                     |
| 13341               | D.M. & S.             | 180 Sets Leak Stoppers                   |
| 13347               | D.M. & S.             | 86 Off Link                              |
| 13348               | C.P. Airlines         | Spindle Control Knobs                    |
| 13354               | Can. Wright Ltd.      | Cylinders to be Sandblasted              |
| 13356               | De Havilland Aircraft | Vickers Cocks                            |
| 13372               | D.M. & S.             | Vickers 2 Way Cocks                      |
| 13373               | D.M. & S.             | Mercury Airscoops                        |
| 13384               | D.M. & S.             | Fuel Cocks and Non-Return Valves         |
| 13388               | D.M. & S.             | Fuel Cocks and Non-Return Valves         |
| 13397               | Boeing Aircraft       | PBV Parts                                |
| 13404               | D.M. & S.             | Fittings and Hull Mooring and Towing     |
| 13414               | D.M. & S.             | Re-design Flooring Lockers, Panels, etc. |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>      | <i>Description</i>   |
|---------------------|----------------------|--|
| 13421               | D.M. & S.            | Install. Spec. Br. Radio   |
| 13427               | D.M. & S.            | Standardization of Alum. Tube  |
| 13437               | D.M. & S.            | 30 Sets Installation<br>Fuel Pumps   |
| 13438               | D.M. & S.            | D.O. Exp. re Sub Rolled<br>Sec. Extruded Section<br>Cylinders to be modified |
| 13439               | D.M. & S.            | Loop Aerial  |
| 13442               | R.A.F.F.C.           | Hydro Press Parts  |
| 13446               | Boeing Aircraft      | Sill Inspection Door   |
| 13447               | Clark Ruse Aircraft  | 144 Sets Leak Stoppers   |
| 13448               | D.M. & S.            | Bearing and Nose Wheel Door  |
| 13449               | Clark Ruse Aircraft  | Lock Mech. Hydro System  |
| 13453               | Devilbies Company    | Install. Spray Both Equip.   |
| 13456               | D.M. & S.            | Brace for Nose Section and<br>Stiffener for Keelson.                         |
| 13458               | Clark Ruse Aircraft  | Step Cap Plate and Stiffener   |
| 13459               | Boeing Aircraft      | Parts  |
| 13460               | Clarke Ruse Aircraft | Parts  |
| 13461               | D.N.D.               | Arm Assy. Control Yoke   |
| 13462               | C.R.A. Ltd.          | Aircraft Parts   |
| 13463               | Clark Ruse Aircraft  | Patch Plate and Arm Hull<br>Nose Door  |
| 13464               | Clark Ruse Aircraft  | Cover 28B5248L   |
| 13465               | D.N.D.               | Cable Assy. and Cable<br>Constant Speed Control                              |
| 13466               | Clark Ruse Aircraft  | Gusset Plate   |
| 13467               | Clark Ruse Aircraft  | Cross Beam   |
| 13468               | D.N.D.               | Patch Plate, Keelson<br>Strip, etc.  |
| 13472               | Clarke Ruse Aircraft | Rudder Cables Outboard<br>and Inboard  |
| 13473               | Clark Ruse Aircraft  | Aileron Hinges   |
| 13474               | Clark Ruse Aircraft  | Jack Sequence Valve Assy.  |
| 13475               | Clark Ruse Aircraft  | Patch Plate and Keelson Angle  |
| 13476               | D.M. & S.            | Cable Assy. Elevator Control   |
| 13477               | D.M. & S.            | 41 Off Cooking Stoves  |
| 13478               | D.M. & S.            | Elevator Trimmer Tab Cables  |
| 13479               | Clark Ruse Aircraft  | Plate Cover  |
| 13480               | Boeing Aircraft      | Drop Hammer Parts  |
| 13482               | D.M. & S.            | D.O. Tech. Shop etc., exps.<br>Reinstall. Signal Pistol Mount<br>Cables      |
| 13483               | Clark Ruse Aircraft  | Bolts, Nuts, Washers   |
| 13484               | Clark Ruse Aircraft  | Retracting Link C/W Fittings   |
| 13485               | D.M. & S.            | Parts  |
| 13487               | Clark Ruse Aircraft  | Casting  |
| 13488               | Clark Ruse Aircraft  | Clamps and Washers   |
| 13489               | Clark Ruse Aircraft  | Parts  |
| 13491               | R.A.F.F.C.           | Brackets   |
| 13492               | Boeing Aircraft      | Parts  |
| 13493               | Boeing Aircraft      | Washers  |
| 13495               | Clark Ruse Aircraft  | Straightening Forgings   |
| 13496               | General Motors Corp  | Mixture Control Cable  |
| 13497               | Clark Ruse Aircraft  | Bolts  |
| 13498               | Clark Ruse Aircraft  | Channel  |
| 13499               | Boeing Aircraft      | Casting Ring   |
| 13503               | Fairechild Aircraft  | Balancing Test Propellers  |
| 13504               | British Aero Engines | Repairs to Jettison Valves   |
| 13509               | Fairechild Aircraft  | V.G.S. Pulleys   |
| 13510               | Fairechild Aircraft  | Pegasus Airscoops  |
| 13511               | British Aero Engines | Repairs to Jettison Valves   |
| 13512               | Fairechild Aircraft  | Wooden Oxford Props.   |
| 13521               | D.M. & S.            | Locking Tags for Fuel Cock and<br>Non Return Valves                          |
| 13524               | D.M. & S.            | Fuel Cocks and Non Return Valves   |
| 13525               | D.M. & S.            |  |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Contc.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                             |
|---------------------|---------------------------|--|
| 13526               | Fairechild Aircraft       | Repairs Jettison Valves                        |
| 13531               | British Aero Engines      | Spring Valves, Airscoops Split Taper Pin       |
| 13534               | D.M. & S.                 | 1 Off Pump Repaired                            |
| 13535               | British Aero Engines      | 70 Mercury Air Intakes                         |
| 13536               | Fairechild Aircraft       | Jettison Valves                                |
| 13537               | Fairechild Aircraft       | Jettison Valves                                |
| 13538               | D.M. & S.                 | Repairs H Pressure Pump                        |
| 13540               | D.M. & S.                 | Repairs PBV Leading Edge & De-Icer Boot        |
| 13541               | D.M. & S.                 | Base Plate                                     |
| 13542               | C.P. Airlines             | Inboard Former L & R.                          |
| 13543               | Clark Ruse Aircraft       | Parts  |
| 13545               | Boeing Aircraft           | Cable Assy.                                    |
| 13546               | Boeing Aircraft           | Bumper   |
| 13577               | D.M. & S.                 | Repairs Oxford Wooden Props.                   |
| 13580               | R.A.F.F.C.                | Arm for Shimmy Damper                          |
| 13581               | Boeing Aircraft           | Food Locker Box                                |
| 13582               | National Research Council | 1000 Alum. Trays                               |
| 13585               | D.M. & S.                 | 50 Sets Reinforcement of Aileron               |
| 13591               | D.M. & S.                 | 27 sets Canso Recognition Light Flares         |
| 13597               | Clarke Ruse Aircraft      | Complete Nose Wheel Door Install L. & R.       |
| 13599               | Can. Vickers Ltd.         | Cost of Anodizing Bolingbroke Oleo Legs        |
| 13600               | Canadian Vickers Ltd.     | Cost Making Name Plates                        |
| 13601               | R.A.F.F.C.                | Rivets Heat Treated and Packed in Dry Ice      |
| 13602               | D.M. & S.                 | 2 Off Stranrear Propellers 1 Off 3 Blade Shark |
| 13603               | D.M. & S.                 | Repairs Stranrear                              |
| 13604               | D.M. & S.                 | Hand Pumps                                     |
| 13605               | National Research Council | Cost reducing Dia. Graphite Bar                |
| 13606               | D.M. & S.                 | Repairs to Props.                              |
| 13608               | British Aero Engines      | Repairs to Airscoops 476-574-578               |
| 13011               | Can. Gen. Elec. Co.       | Work on Elec. Furnace                          |
| 20004               | D.M. & S.                 | Mod. Install Hollow Control Shaft              |
| 20005               | D.M. & S.                 | High Pressure Hand Pump                        |
| 20006               | Fairechild Aircraft       | Roll Skins                                     |
| 20007               | British Aero Engines      | Mercury Airscoops                              |
| 20012               | D.M. & S.                 | Repairs Wooden Oxford Propellers               |
| 20013               | Victory Aircraft          | Pulleys  |
| 20017               | Can. Wright Ltd.          | Repairs to Propeller                           |
| 20020               | Cresswell Pomeroy         | Annealing Aluminum Sheets                      |
| 20021               | D.M. & S.                 | Repairs H Pressure Pumps                       |
| 20023               | D.M. & S.                 | Mod. Canso Fuel Jettison Arrangement           |
| 20026               | Boeing Aircraft           | Castings Machined, Springs                     |
| 20030               | Fairechild Aircraft       | Repairs Jettison Valves                        |
| 20032               | D.M. & S.                 | $\frac{3}{4}$ " B.S.P. Plug Cock               |
| 20033               | Boeing Aircraft           | External Fittings for Bomb Rack                |
| 20039               | D.M. & S.                 | Jettison Valves                                |
| 20040               | D.M. & S.                 | Repairs Props. Serial No. F505-648             |
| 20041               | British Aero Engines      | Cost Rework Test Prop.                         |
| 20042               | D.M. & S.                 | No. 23053 Sht. 16 Collar                       |
| 20045               | D.M. & S.                 | Cylinder L/H Lock                              |
| 20050               | D.M. & S.                 | Canso Spare Parts                              |
| 20051               | D.M. & S.                 | Mod. Sets for Reinforcement Ailerons           |
| 20057               | C.P. Airlines             | Detail Parts                                   |
| 20063               | Boeing Aircraft           | Springs  |
| 20065               | D.M. & S.                 | Jettison Valves                                |
| 20066               | D.M. & S.                 | Airspeed Indicator Tags                        |
| 20071               | Clark Ruse Aircraft       | Bomber Window Frame Assy.                      |
| 20078               | D.M. & S.                 | Venturi Vents Dipstick Assy.                   |
| 20079               | Clark Ruse Aircraft       | Cross Beam Hull Bulkhead No. 1                 |



MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                                   |
|---------------------|---------------------------|--|
| 20080               | D.M. & S.                 | Expense Re-Install Heat Anti-Icer                    |
| 20081               | Clark Ruse Aircraft       | Sill Inspection Door                                 |
| 20086               | National Research Council | Die for Producing Alum. Trays.                       |
| 20090               | Clark Ruse Aircraft       | Link Float Retracting Mach.                          |
| 20091               | D.N.D.                    | Glass Pilot's Enclosure Sliding Window               |
| 20092               | D.N.D.                    | Motor Elec. for Float Retraction                     |
| 20098               | Fairchild Aircraft        | Roll Skins   |
| 20099               | Fairchild Aircraft        | Roll Skins   |
| 20104               | D.M. & S.                 | Install Hollow Control Wheel Shaft                   |
| 20115               | D.M. & S.                 | Elimination of Elec. Conduit                         |
| 20125               | Can. Car. & Foundry       | PBY Parts  |
| 20140               | Boeing Aircraft           | Drop Hammer Parts                                    |
| 20143               | Can. Car. & Foundry       | Trailing Edge for Rudder                             |
| 20155               | D.N.D.                    | Line Hydraulic Nut Sleeve                            |
| 20157               | D.N.D.                    | Step Assy.   |
| 20164               | Cresswell Pomeroy         | Tensile Test Pieces                                  |
| 20168               | Fairchild Aircraft        | Roll Skins   |
| 20174               | De Havilland Aircraft     | Fuel Cocks   |
| 20179               | Can. Car & Foundry        | Detail Parts   |
| 20184               | Hayes Steel Products      | Rough Forgings                                       |
| 20186               | C.P. Airlines             | Bulkhead   |
| 20194               | D.M. & S.                 | Nose Strut & Fork Assy. Repairs                      |
| 20195               | D.M. & S.                 | Repairing Hand Pump                                  |
| 20196               | C.P. Airlines             | Bracket Assy. for Generator                          |
| 20199               | D.M. & S.                 | 29 Sets Airspeed Indicator Tags                      |
| 20201               | D.M. & S.                 | Fuel Cock  |
| 20207               | C.P. Airlines             | Belt Frame   |
| 20218               | Can. Car & Foundry        | Nose Wheel Axle, Channel<br>Strip, Retainer, etc.    |
| 20223               | D.M. & S.                 | Mod. Install. Solar Type<br>Flare                    |
| 20230               | D.M. & S.                 | L & R Belt Frame                                     |
| 20237               | D.M. & S.                 | 4 Propellers Repaired                                |
| 20241               | Can. Car & Foundry        | Bomb Aimer's Window Assy.                            |
| 20251               | D.M. & S.                 | Spec. Adaptor to Repair<br>Vicker's H. Pressure Pump |
| 20256               | D.M. & S.                 | Generator Bracket Assy. C/W<br>Nuts & Bolts          |
| 20268               | C.P. Airlines             | Spare Parts  |
| 20269               | C.P. Airlines             | Spare Parts  |
| 20270               | C.P. Airlines             | Spare Parts  |
| 20271               | C.P. Airlines             | Hull Bottom Stringers                                |
| 20272               | C.P. Airlines             | Hull Bottom Stringers                                |
| 20300               | R.A.F.F.C.                | Tail Cone  |
| 20307               | C.P. Airlines             | 1 Complete Bulkhead                                  |
| 20308               | D.M. & S.                 | PBY Parts  |
| 20309               | C.P. Airlines             | Belt Frame, Bulkheads, etc.                          |
| 20310               | C.P. Airlines             | Detail Parts   |
| 20313               | Cresswell Pomeroy         | Test Pieces Dural & Alclad                           |
| 20317               | D.M. & S.                 | Cost of Modifying Jigs                               |
| 20322               | Can. Car & Foundry        | Pins, Switch & Nose Wheel Latch                      |
| 20325               | Clark Ruse Aircraft       | Nose Wheel Door & Control<br>Mech. Install. Complete |
| 20333               | D.M. & S.                 | Repairs Wooden Oxford Propeller                      |
| 20334               | D.M. & S.                 | Repairs Wooden Oxford Propeller                      |
| 20336               | D.M. & S.                 | Stranraer Spare Parts                                |
| 20362               | Can. Car & Foundry        | Channel Float Retracting Mech. Link                  |
| 20364               | D.M. & S.                 | To cover Cost of Drawing Office<br>Eng. Expenses     |
| 20370               | D.M. & S.                 | Repairs Wooden Tiger Propeller                       |
| 20372               | C.P. Airlines             | Nose Wheel Covers                                    |
| 20374               | Clark Ruse Aircraft       | Supports Engine Cowls                                |
| 20376               | Fairchild Aircraft        | Roll Skins   |
| 20379               | Can. Wright Ltd.          | 1 Piece of Alum. Sheet                               |
| 20381               | R.A.F.F.C.                | Detail Parts   |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                                   |
|---------------------|---------------------------|--|
| 20383               | D.M. & S.                 | Bomber Circuit & Time<br>Delay Circuit               |
| 20385               | Fairchild Aircraft        | Roll Skins   |
| 20388               | Central Aircraft          | Vickers Fuel Cocks                                   |
| 20393               | D.M. & S.                 | Repairs Oxford Wooden<br>Propellers                  |
| 20398               | D.M. & S.                 | Engine Cover & Prop. Hub<br>& Anti-Icer Cover        |
| 20402               | Clark Ruse Aircraft       | Patch Plate  |
| 20405               | D.M. & S.                 | Vacuum Control Cock                                  |
| 20406               | Fairchild Aircraft        | Roll Skins   |
| 20407               | D.M. & S.                 | Aileron Tab Control Pin Float<br>Strut, etc.         |
| 20408               | D.M. & S.                 | Reinforcement of Ailerons                            |
| 20415               | C.P. Airlines             | Complete Rotating Windows                            |
| 20416               | C.P. Airlines             | Anchor Box Assy. & Scissors                          |
| 20424               | C.P. Airlines             | Frame Control Yoke                                   |
| 20426               | F.A.F.F.C.                | Duct Assy. Oil Cooler                                |
| 20431               | D.M. & S.                 | Chine Angle  |
| 20432               | R.A.F.F.C.                | Skin Sheet Hulls                                     |
| 20434               | D.M. & S.                 | Repair Prop. Serial No. F227                         |
| 20437               | Canadian Vickers Ltd.     | Repair Housing Pneumatic<br>Drills                   |
| 20440               | D.N.D.                    | Metal Bomb Panel                                     |
| 20443               | C.P. Airlines             | Door Frame, Nose Skin                                |
| 20451               | D.M. & S.                 | Mod. Nose Wheel Down Lock Spring                     |
| 20464               | Clark Ruse Aircraft       | Handle   |
| 20469               | Clark Ruse Aircraft       | Strut Rear & Parts                                   |
| 20474               | Cockshutt Plow            | Brackets   |
| 20475               | Boeing Aircraft           | Machined Castings                                    |
| 20477               | C.P. Airlines             | Antenna Weight, Pilot Lamp, etc.                     |
| 20479               | C.P. Airlines             | Clamping Ring  |
| 20482               | C.P. Airlines             | Belt Frame and Bracket                               |
| 20491               | C.P. Airlines             | Hull Stringers and Support<br>Pilot's Floor and Seat |
| 20495               | D.N.D.                    | Chine Angle  |
| 20500               | D.M. & S.                 | Canso Air Frame Spares                               |
| 20506               | British Aero Engines      | Repair Mercury XX Prop.                              |
| 20527               | Central Aircraft          | Fuel Cocks   |
| 20529               | C.P. Airlines             | Cross Beam Assy.                                     |
| 20531               | R.A.F.F.C.                | Skin Sheet   |
| 20534               | Clark Ruse Aircraft       | Lugs   |
| 20546               | D.N.D.                    | Antenna Weight Assy.                                 |
| 20555               | R.A.F.F.C.                | Detail Parts   |
| 20570               | National Research Council | Cost of Pressing Aluminum Discs                      |
| 20575               | C.P. Airlines             | Watertight Corner Cups                               |
| 20579               | D.M. & S.                 | Tubing Hydraulic System                              |
| 20580               | Boeing Aircraft           | Nuts, Machined Castings                              |
| 20587               | British Aero Engines      | Repair Mercury XX Prop.                              |
| 20595               | Cresswell Pomeroy         | Standard Tensile Pieces                              |
| 20596               | D.N.D.                    | Fuse Panel Holder                                    |
| 20599               | Clark Ruse Aircraft       | Firewall Ext. Line etc.                              |
| 20606               | D.M. & S.                 | Clamping Ring etc.                                   |
| 20627               | D.N.D.                    | Hull Waist Gun Entrance                              |
| 20632               | Clark Ruse Aircraft       | Canso Airframe Tool Kit                              |
| 20633               | Central Aircraft          | Fuel Cocks   |
| 20634               | Commercial Ins. Agency    | Repairs A/C 11010                                    |
| 20637               | D.N.D.                    | Panel Assy.  |
| 20638               | C.P. Airlines             | 2" Conduit   |
| 20641               | D.M. & S.                 | Controls Automatic Gyro Sperry                       |
| 20644               | Canadian Vickers Ltd.     | Pulley Parts   |
| 20645               | Canadian Vickers Ltd.     | Pulley Parts   |
| 20646               | Canadian Vickers Ltd.     | Pulley Parts   |
| 20647               | Canadian Vickers Ltd.     | Pulley Parts   |
| 20649               | D.M. & S.                 | Platforms Forward of Front<br>Strut and Under Motors |
| 20651               | C.P. Airlines             | Variable Pitch Control                               |
| 20567               | D.M. & S.                 | Bolts  |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>        | <i>Description</i>                                   |
|---------------------|------------------------|--|
| 20666               | C.P. Airlines          | Bracket Assy. etc.                                   |
| 20668               | C.P. Airlines          | Housing for Torque Shaft, etc.                       |
| 20670               | C.P. Airlines          | Compass Guard Assy.                                  |
| 20671               | C.P. Airlines          | L & R Twin Reels, Brass<br>Member at Bulkhead, etc.  |
| 20674               | D.M. & S.              | Repairs PBY Aircraft 33961                           |
| 20683               | Boeing Aircraft        | Heat Anti-Icing Equipment                            |
| 20686               | D.M. & S.              | Mod. Install Fire Extinguisher<br>System             |
| 20687               | D.M. & S.              | Repairs to Propeller                                 |
| 20688               | D.M. & S.              | Repairs to Wooden Propeller                          |
| 20698               | D.M. & S.              | Spec. Wireless Equipment                             |
| 20707               | Clark Ruse Aircraft    | Hinge Pin and Nut                                    |
| 20722               | Fairchild Aircraft     | Roll Skins   |
| 20729               | D.M. & S.              | Sea Drogue Assy. and Fittings                        |
| 20734               | D.N.D.                 | 20 Sets Weights                                      |
| 20752               | D.M. & S.              | Install Radio Altimeter                              |
| 20754               | D.M. & S.              | Mod. Radio Install.                                  |
| 20756               | Central Aircraft       | Fuel Cocks   |
| 20771               | Aircraft Repair Ltd.   | Pulleys  |
| 20781               | Cresswell Pomeroy      | Tensile Pieces                                       |
| 20785               | D.M. & S.              | Cylinder Nose Wheel<br>Retracting                    |
| 20788               | Fairchild Aircraft     | Roll Skins   |
| 20797               | D.M. & S.              | Belt, Step Plate and Fastener                        |
| 20798               | D.H. & S.              | Washers  |
| 20799               | C.P. Air Lines         | Throttle Cable Prop.<br>Control, etc.                |
| 20800               | C.P. Air Lines         | Bomb Control Cable Emergency                         |
| 20801               | C.P. Air Lines         | Bomb Control Cable Emergency                         |
| 20802               | C.P. Air Lines         | Bomb Control Cable Emergency                         |
| 20803               | C.P. Air Lines         | Rudders and Elevators                                |
| 20804               | C.P. Air Lines         | Elevator Aileron Tabs                                |
| 20805               | C.P. Airlines          | Elevator Tabs, Rudder Tabs                           |
| 20806               | C.P. Airlines          | Ailerons and Rudders                                 |
| 20827               | Clark Ruse Aircraft    | Drawing for Canso                                    |
| 20839               | Boeing Aircraft        | Cost of C.V.L. Mobile Repair Crew                    |
| 20843               | Fairchild Aircraft     | Roll Skins   |
| 20850               | Commercial Ins. Agency | Repairs A/C 11026                                    |
| 20856               | D.M. & S.              | Repairs Collar Assy. N.L.G.                          |
| 20863               | C.P. Airlines          | Brackets Power Plant, etc.                           |
| 20867               | C.P. Airlines          | Bearing Anchor Reel Crankshaft Aft.                  |
| 20872               | Boeing Aircraft        | Bracket Control Yoke                                 |
| 20899               | Hayes Steel Products   | Bushings   |
| 20906               | R.A.F.F.C.             | Bolts  |
| 20914               | Kellett Aircraft       | Surplus Engine Mount Parts                           |
| 20927               | C.P. Airlines          | Bell Crank—Hull Main<br>Wheel Control, etc.          |
| 20936               | Commercial Ins. Agency | Repairs A/C 11026                                    |
| 20937               | Boeing Aircraft        | Machined Castings                                    |
| 20943               | D.M. & S.              | Canso Airframe Spares                                |
| 20969               | Kellett Aircraft       | Bushings   |
| 20985               | Fairchild Aircraft     | Jettison Valves                                      |
| 20992               | D.M. & S.              | Water Tanks  |
| 21005               | Fairchild Aircraft     | Roll Skins   |
| 21007               | Fairchild Aircraft     | Roll Skins   |
| 21025               | C.P. Airlines          | Stud Tail Hinge Bearing                              |
| 21045               | D.N.D.                 | High Pressure Schrader, etc.                         |
| 21051               | D.M. & S.              | Wooden Oxford Propellers                             |
| 21109               | Clark Ruse Aircraft    | Bracket, Cable Fittings                              |
| 21125               | D.M. & S.              | 12 Sets Mod. Parts for Reinforcing<br>Canso Ailerons |
| 21126               | D.M. & S.              | Electric Cooking Stoves                              |
| 21168               | Derham Custom Body     | Cover Hull Wheel Well                                |
| 21180               | British Aero Engines   | Recondition Test Prop.                               |
| 21188               | Kellett Aircraft       | Bushings   |
| 21189               | Kellett Aircraft       | Bushings   |
| 21190               | Kellett Aircraft       | Bushings   |



MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                                |
|---------------------|---------------------------|---|
| 21195               | National Research Council | Cable Assy. and Shear Pins                        |
| 21209               | Cresswell Pomeroy         | Standard Tensile Spec.                            |
| 21219               | D.N.D.                    | Antenna Weights                                   |
| 21242               | McDonald Bros. Aircraft   | Fuel Cocks  |
| 21261               | Peerless Elec.            | Normalizing Parts                                 |
| 21268               | R.A.F.F.C.                | Cable Assy.                                       |
| 21270               | C. P. Airlines            | Clamps  |
| 21291               | D.M. & S.                 | Trailing Edges                                    |
| 21296               | Can. Car & Foundry        | Cable Assy. to be Swaged                          |
| 21312               | Boeing Aircraft           | Washers   |
| 21325               | R.A.F.F.C.                | PBY Parts   |
| 21352               | Ottawa Car & Aircraft     | Skin Assy. and Landing Gear Fairings              |
| 21354               | D.M. & S.                 | Sets Extension Lines                              |
| 21357               | Kellett Aircraft          | Chrome Moly Bushings                              |
| 21360               | D.M. & S.                 | Sets of Install. Fuel Pump<br>Direct Valve        |
| 21370               | Art Metal Corp'n.         | Rework 2 Centre Section<br>Trailing Edges         |
| 21386               | D.M. & S.                 | 12 Sets Mod. Install. Hollow<br>Wheel Shaft Canso |
| 21393               | D.M. & S.                 | Anodizing Relay Boxes and Covers                  |
| 21396               | D.M. & S.                 | To cover Cost of Repairs<br>to A/C # 11051        |
| 21410               | Clark Ruse Aircraft       | Cushion Assy.—Navigator's Chair                   |
| 21411               | R.A.F. Atlantic Command   | Wing Float Strut Attachment                       |
| 21412               | Majestic Metal Prod.      | Cost of Parts Shipped                             |
| 21413               | Art Metal Corp'n.         | Cost of Detail Parts Shipped                      |
| 21434               | D.N.D.                    | Anodizing "U" Section Channel                     |
| 21446               | R.A.F.F.C.                | PBY Parts   |
| 21462               | Fairchild Aircraft        | Roll Skins  |
| 21509               | Ottawa Car & Aircraft     | Skin Assy. Landing Gear Fairing                   |
| 21535               | National Research Council | Drill Template Kirksite Blank Die                 |
| 21556               | Clark Ruse Aircraft       | Selector Valve                                    |
| 21559               | C.P. Airlines             | Stabilizer, Fittings & Clips                      |
| 21583               | Clark Ruse Aircraft       | Cables Complete with Fittings Assy.               |
| 21588               | Clark Ruse Aircraft       | Skin Sheet Hull Bottom                            |
| 21596               | Hayes Steel Products      | Bushings  |
| 21632               | Aircraft Supply & Equip.  | Swaging of Fittings                               |
| 21686               | R.A.F.F.C.                | Keelson Extruded Section                          |
| 21706               | D.M. & S.                 | Brackets Ventura Mod.                             |
| 21746               | D.M. & S.                 | Sub Assy. Antenna Install.                        |
| 21755               | Fairchild Aircraft        | Mfg. Wooden Mock Up Jigs                          |
| 21757               | R.A.F.F.C.                | Keelson Extruded Section etc.                     |
| 21789               | D.M. & S.                 | Stranraer Metal Prop.                             |
| 21800               | D.M. & S.                 | Links—Ventura                                     |
| 21824               | D.M. & S.                 | Aerial Weights Assy. Sêts                         |
| 21831               | Can. Power Boat Co.       | Normalizing Parts                                 |
| 21837               | D.M. & S.                 | Rebuild Scrap Storage Shed                        |
| 21847               | Boeing Aircraft           | Hook Hull Pilot's Enclosure                       |
| 21860               | Clark Ruse Aircraft       | Strap Assy. Clips                                 |
| 21861               | Clark Ruse Aircraft       | Cable & Cable Fittings                            |
| 21862               | Clark Ruse Aircraft       | Screws, Washers                                   |
| 21864               | Clark Ruse Aircraft       | Clips & Straps                                    |
| 21866               | D.M. & S.                 | 15 Sets Flame Dampener Mod.                       |
| 21877               | D.M. & S.                 | 3 lbs. Powdered Neoprene                          |
| 21901               | D.M. & S.                 | Scissors in Cylinder Valves                       |
| 21910               | Boeing Aircraft           | Machining Casting                                 |
| 21956               | C.P. Airlines             | Strap & Buckle End, etc.                          |
| 21971               | D.M. & S.                 | Cost Rewiring MI 22 Boxes                         |
| 21996               | Can. Car & Foundry        | Swaging   |
| 22000               | C.V.L. Employees          | Miscellaneous Sales                               |
| 22021               | Can. Wright Ltd.          | Balance Propellor                                 |
| 22051               | D.M. & S.                 | Repair Wing Trailing Edges                        |
| 22080               | D.M. & S.                 | Cable Assy. Swaged                                |
| 22081               | R.A.F.F.C.                | Anchor and Cable Assy.                            |
| 22093               | R.A.F.F.C.                | Sea Droques & Ground Anchors                      |
| 22094               | D.M. & S.                 | Castors to be repaired                            |
| 22127               | Fairchild Aircraft        | Roll Skin   |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                                  |
|---------------------|---------------------------|---|
| 22131               | British Aero Engines      | Repair Propellor                                    |
| 22139               | D.N.D.                    | Neoprene Washers                                    |
| 22159               | Can. Car & Foundry        | Washers   |
| 22170               | D.M. & S.                 | Cost Cancelled Purchase Orders                      |
| 22186               | Clark Ruse Aircraft       | Spacers   |
| 22191               | D.M. & S.                 | Tech. Exp. & Cost 1 Set Sample Parts                |
| 22202               | British Aero Engines      | Repair Propellor                                    |
| 22203               | Can. Wright Ltd.          | Repair Propellor                                    |
| 22206               | D.N.D.                    | Angles  |
| 22208               | D.M. & S.                 | Trailing Edge Inner L.H. and R.H.                   |
| 22226               | D.M. & S.                 | Exp. Revision Tech. Data                            |
| 22228               | Boeing Aircraft           | Redundant PBV Parts                                 |
| 22241               | Noorduyn Aviation         | Glued Samples Test Pulled                           |
| 22253               | D.N.D.                    | Angles  |
| 22258               | Hayes Steel prod.         | Bushings  |
| 22291               | National Research Council | Brackets  |
| 22303               | D.M. & S.                 | Plugs   |
| 22312               | D.M. & S.                 | Repair Propellor                                    |
| 22314               | C.P. Airlines             | Bolts   |
| 22326               | Can. Car & Foundry        | Swaging Cable Assy. Cowl Flap Control               |
| 22332               | British Aero Engines      | Test Propellor No. 990                              |
| 22360               | Hayes Steel Prod.         | Bushings  |
| 22386               | Victory Aircraft          | Pulleys   |
| 22396               | Can. Wright Co.           | Test Prop. No. 8446                                 |
| 22400               | D.M. & S.                 | Attaching Brackets                                  |
| 22410               | Can. Car & Foundry        | Swaging Cable Assy.<br>Cowl Flap Control            |
| 22423               | Noorduyn Aviation         | Test Pull Wood Samples                              |
| 22456               | Can. Car & Foundry        | Swaging Cables                                      |
| 22457               | Can. Car & Foundry        | Swaging Cable Assy.                                 |
| 22465               | D.M. & S. (N A/C Factory) | 32 Sets PBV Outer Wing Panels                       |
| 22467               | Canadian Airways          | Swaging Fittings on Control<br>Cables               |
| 22468               | D.M. & S.                 | Navigator's Seat Assy.                              |
| 22470               | D.M. & S.                 | Scissor Fitting N.L.G.                              |
| 22471               | Noorduyn Aviation         | Pull Testing  |
| 22486               | Noorduyn Aviation         | Pull Testing Samples                                |
| 22488               | D.M. & S.                 | Condenser Bracket                                   |
| 22496               | De Havilland Aircraft     | Recondition 2 Wooden Props.                         |
| 22498               | D.M. & S.                 | Hoisting Sling, etc.                                |
| 22499               | Can. Car & Foundry        | Swaging   |
| 22543               | Can. Car & Foundry        | Turnbuckle Sleeve                                   |
| 22545               | D.M. & S.                 | PBV Parts   |
| 22547               | D.M. & S.                 | Arm Assy. Control Yoke                              |
| 22548               | D.M. & S.                 | Cowl Flap Assy. etc.                                |
| 22557               | Crosswell Pomeroy         | Tensile Test Pieces                                 |
| 22558               | D.M. & S.                 | Cost of Engineering etc.                            |
| 22559               | D.M. & S.                 | Cost of Engineering etc.                            |
| 22577               | D.M. & S.                 | Panel Assy.   |
| 22578               | D.M. & S.                 | Scoop Generator Cooling                             |
| 22579               | D.M. & S.                 | Blast Tubes   |
| 22589               | Raymond McDonnell         | Repairs Post Indicator #13                          |
| 22592               | D.M. & S.                 | Tooling Cost re Radio Elec. Mod.                    |
| 22598               | D.N.D.                    | Elec. Cooking Stoves                                |
| 22617               | D.M. & S.                 | Cost Details and Install Elec.<br>Mods. 33968-33982 |
| 22618               | D.M. & S.                 | Cost Mfg. Details Instrument Mods.                  |
| 22629               | Fairchild Aircraft        | Swaging Fittings on Cables                          |
| 22667               | Aeroquipment Co.          | Anodizing Washers                                   |
| 22676               | Can. Car & Foundry        | Aileron Inboard Cables                              |
| 22684               | British Aero Engines      | Merlin Prop. #990                                   |
| 22687               | Kellett Aircraft          | Bomb Loading Platform Parts                         |
| 22700               | D.M. & S.                 | Reinforcement Hull Bottom                           |
| 22715               | D.M. & S.                 | Anodizing Scoops and Tubes                          |
| 22716               | D.M. & S.                 | Mod. Parts  |
| 22717               | D.M. & S.                 | Cost of Installing Glass                            |
| 22718               | Can. Car & Foundry        | Swaging   |
| 22736               | D.M. & S.                 | Cable Assemblies                                    |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>               | <i>Description</i>                |
|---------------------|-------------------------------|-----------------------------------|
| 22737               | D.M. & S.                     | Cable Assy.                       |
| 22750               | Kellett Aircraft              | Bushings                          |
| 22753               | Can. Car & Foundry            | Swaging                           |
| 22754               | R.A.F.F.C.                    | Scissor Fitting N.L.G.            |
| 22755               | D.M. & S.                     | Anchor Cable Assy.                |
| 22776               | D.M. & S.                     | Pulley Engine Control etc.        |
| 22777               | Boeing Aircraft               | Adjustments Over and Short        |
| 22780               | Can. Car & Foundry            | Swaging                           |
| 22783               | C.P. Airlines                 | Straps                            |
| 22784               | C.P. Airlines                 | Terminal Strap and Buckle         |
| 22785               | N. D. Johnson Ltd.            | End Tips                          |
| 22786               | Clark Ruse Aircraft           | Tips                              |
| 22788               | Canadian Vickers Ltd.         | Shimmy Samples                    |
| 22799               | Federal Aircraft              | Roll Skins                        |
| 22808               | Labrador Mining & Exploration | Beaching, Launching, etc.         |
| 22812               | D.M. & S.                     | 100 Sets Parts for Mod. Hull      |
| 22815               | Fairchild Aircraft            | Swaging Cable Assy.               |
| 22816               | Derham Custom Body            | Zinc Chromate Tape                |
| 22826               | Ottawa Car & Aircraft         | Blank and Pierce Dies             |
| 22830               | D.M. & S.                     | PBY Parts                         |
| 22843               | R.A.F.F.C.                    | Mooring Platforms                 |
| 22850               | De Havilland Aircraft         | Tooling Expense re Ailerons       |
| 22855               | R.C.A.F.                      | Radio Drawings                    |
| 22860               | C.P. Airlines                 | Strap Tips                        |
| 22864               | Can. Car & Foundry            | Swaging                           |
| 22867               | National Research Council     | Machining Graphite Bars           |
| 22868               | D.M. & S.                     | Brake Valve Debooster, etc.       |
| 22870               | D.M. & S.                     | Tooling O.W. Panels               |
| 22876               | D.M. & S.                     | PBY Parts                         |
| 22901               | British Aeroplane Engine      | Fit Spacer and Balance Test Prop. |
| 22909               | Aeroquipement Ltd.            | Anodizing Alum. Washers           |
| 22912               | D.M. & S.                     | Bolts Scissors                    |
| 22916               | Aeroquipement Ltd.            | Anodizing 3000 Washers            |
| 22925               | D.M. & S.                     | PBY Parts                         |
| 22928               | # 45 Atlantic Transport       | Bombers Window Assy.              |
| 22929               | Can. Car & Foundry            | Cable Fitting                     |
| 22939               | N. D. Johnston Ltd.           | End Tips                          |
| 22945               | D.M. & S.                     | Engine Stand Wheel Assy.          |
| 22957               | C.P. Airlines                 | Rib Spacer Anti Chaffing Straps   |
| 22966               | D.M. & S.                     | Swage Fittings, etc.              |
| 22967               | D.M. & S.                     | Glass Waist Gunner's Turret       |
| 22972               | Fairchild Aircraft            | Roll to Contour                   |
| 22996               | R.A.F.F.C.                    | Control Cable Assy.               |
| 23000               | Fairchild Aircraft            | Roll to Contour                   |
| 23001               | Fairchild Aircraft            | Roll to Contour                   |
| 23013               | D.M. & S.                     | Snubber Assy.                     |
| 23074               | C.P. Airlines                 | Strap Cable                       |
| 23075               | C.P. Airlines                 | Screws                            |
| 23082               | Hayes Steel Products          | Bushings                          |
| 23083               | Fairchild Aircraft            | Roll Skins to Contour             |
| 23084               | Fairchild Aircraft            | Roll to Contour                   |
| 23096               | D.M. & S.                     | Rudder Horn, etc.                 |
| 23097               | D.M. & S.                     | Upper Fin Struct Assy.            |
| 23098               | D.M. & S.                     | Clamp Assy.                       |
| 23105               | Canadian Vickers Ltd.         | Operators Wages & Fuel Oil        |
| 23110               | Aeroquipement Ltd.            | Anodizing Washers                 |
| 23137               | D.M. & S.                     | Ladder Assy.                      |
| 23161               | D.M. & S.                     | Ladder Assy.                      |
| 23162               | D.M. & S.                     | Ladder Assy.                      |
| 23163               | D.M. & S.                     | Ladder Assy.                      |
| 23171               | D.M. & S.                     | Engineering Tooling Exp.          |
| 23183               | Fairchild Aircraft            | Roll to Contour                   |
| 23189               | D.M. & S.                     | Elect. Cooking Range              |
| 23192               | D.M. & S.                     | Latch Plate N.L.G.                |
|                     |                               | Tow Bar, etc.                     |
| 23196               | D.M. & S.                     | Inhibiting of Engines             |
| 23204               | D.M. & S.                     | Sliding Window Washer             |



MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>           | <i>Description</i>                        |
|---------------------|---------------------------|---|
| 23206               | D.M. & S.                 | Install. N.W. Sequence Valve              |
| 23211               | C.P. Airlines             | Screws, Bushings, etc.                    |
| 23212               | D.M. & S.                 | Plate Assy. Bombers Window<br>Hull Nose   |
| 23213               | D.M. & S.                 | Plate Assy. Bombers Window<br>Hull Nose   |
| 23228               | National Research Council | Bracket # 91A                             |
| 23233               | D.M. & S.                 | Tee Fuel System                           |
| 23237               | D.M. & S.                 | Coupling Hose Manifold, etc.              |
| 23253               | D.M. & S.                 | Install. Stowage Furns. N.L.G.            |
| 23260               | D.M. & S.                 | Gasket Neoprene Valve Unloading           |
| 23261               | D.M. & S.                 | Cross Feed Valve Control                  |
| 23262               | D.N.D.                    | Insulator                                 |
| 23280               | National Research Council | Anodizing Tubes                           |
| 23299               | D.M. & S.                 | Strap and End                             |
| 23300               | C.P. Airlines             | Washers                                   |
| 23301               | C.P. Airlines             | Strap and Buckle Assy.                    |
| 23302               | C.P. Airlines             | Bushings                                  |
| 23303               | C.P. Airlines             | Bushings, Clips, Screws, etc.             |
| 23304               | C.P. Airlines             | Strap and End                             |
| 23305               | C.P. Airlines             | Strap and End, etc.                       |
| 23306               | Fairchild Aircraft        | Rolling Skin                              |
| 23311               | C.P. Airlines             | Washers, Conduit Clamps, Clips, etc.      |
| 23312               | D.M. & S.                 | Clip 1-14" dim. Spec.                     |
| 23323               | D.M. & S.                 | Cover Assy. Sponge Rubber                 |
| 23325               | D.M. & S.                 | Linear Packing                            |
| 23327               | Sperry Gyroscope Co.      | Removal & Replacement of Sperry<br>Equip. |
| 23330               | Fairchild Aircraft        | Rolling Skin                              |
| 23331               | Fairchild Aircraft        | Roll to Contour                           |
| 23341               | D.M. & S.                 | Handling & Mod. 100 A/C Sets              |
| 23355               | National Research Council | Brackets                                  |
| 23360               | Bell Niagara Mod. Center  | Elbow Oil Tank Outlet                     |
| 23367               | D.M. & S.                 | Air Ducts, Box Switch etc.                |
| 23369               | D.M. & S.                 | Flex Conduit Tech.                        |
| 23373               | D.M. & S.                 | Support Hull Front Gunner's Floor         |
| 23374               | D.M. & S.                 | Support Hull Front Gunner's Floor         |
| 23375               | D.M. & S.                 | Repair Gyro Regulator                     |
| 23376               | T.C.A.                    | Supply & Anodize Dural Tubing             |
| 23377               | D.M. & S.                 | Pilot's Window, Hose Vacuum etc.          |
| 23387               | Can. Car & Foundry        | Machining C. R. Steel                     |
| 23389               | D.M. & S.                 | Stewart Warner Heating Assy.              |
| 23390               | D.M. & S.                 | Support Hull Front Gunner's Floor         |
| 23399               | D.M. & S.                 | Coupling Hose Man. Fuse Cells             |
| 23400               | D.M. & S.                 | Coupling Hose Man. Fuse Cells             |
| 23404               | D.M. & S.                 | Exhaust Collector Assy.                   |
| 23405               | D.M. & S.                 | Mod. Sets Drain Reservoir                 |
| 23407               | No. 45 Atlantic Transport | Cost of Landing PBY at Maisonneuve        |
| 23408               | No. 45 Atlantic Transport | Cost of Landing PBY at Maisonneuve        |
| 23411               | Fairchild Aircraft        | Rolling Skin                              |
| 23416               | D.M. & S.                 | Air Duct, Box Switch etc.                 |
| 23417               | D.M. & S.                 | Exhaust Collector Assy.                   |
| 23419               | Cresswell Pomeroy         | Test Blanks                               |
| 23428               | No. 45 Atlantic Transport | Keelson Rubbing Strip                     |
| 23441               | D.M. & S.                 | Name Plate, Bonding Cable etc.            |
| 23449               | Consolidated Vultee       | Rubber Pedal Levers                       |
| 23450               | D.M. & S.                 | Install. Brake Debooster etc.             |
| 23457               | D.M. & S.                 | Floor Walk Away                           |
| 23459               | D.M. & S.                 | Bag Assy. Corrosion Inhibitor             |
| 23460               | D.M. & S.                 | Belt Assy. Backrest, etc.                 |
| 23467               | Can. Car & Foundry        | Supply & Anneal Dural                     |
| 23470               | D.M. & S.                 | Brake Assy. N.L.G.                        |
| 23475               | D.N.D.                    | Repair Gas Tank Leaks                     |
| 23477               | D.N.D.                    | Mods. to Heating System                   |
| 23478               | D.M. & S.                 | Install. Radio Altimeter Type             |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i>                        | <i>Description</i>                            |
|---------------------|--|---|
| 23479               | Can. Car & Foundry                     | Swaging                                       |
| 23481               | D.M. & S.                              | Busses Elect. Switch Panel                    |
| 23482               | D.M. & S.                              | Tubes   |
| 23483               | D.M. & S.                              | Socket N.L.G. Lever                           |
| 23484               | D.M. & S.                              | Bushing N.L.G.                                |
| 23485               | D.M. & S.                              | Bushing N.L.G.                                |
| 23486               | D.M. & S.                              | Bushing N.L.G.                                |
| 23529               | Can. Car & Foundry                     | Supply and Anneal                             |
| 23540               | D.M. & S.                              | Beam Nose Wheel Door                          |
| 23548               | D.M. & S.                              | Flap Assy.                                    |
| 23551               | Boeing Aircraft                        | Fitting Wing Spar C-Section                   |
| 23552               | D.M. & S.                              | Washers                                       |
| 23556               | D.M. & S.                              | Packing Outer Wing Panels                     |
| 23560               | D.M. & S.                              | Door Hull Main Wheel Well                     |
| 23568               | N. D. Johnston Ltd.                    | Buckles                                       |
| 23575               | D.M. & S.                              | Belt Frame                                    |
| 23582               | Can. Car. & Foundry                    | Swaging                                       |
| 23596               | Can. Wright Ltd.                       | Repair Tank Engine Propellor                  |
| 23599               | D.M. & S.                              | Belt Frame                                    |
| 23600               | Noorduyn Aviation                      | Heat Treating                                 |
| 23604               | D.M. & S.                              | Bearing & Nose Wheel Door Lock<br>Mech. Assy. |
| 23605               | Boeing Aircraft                        | Oil Tank Filler                               |
| 23607               | D.M. & S.                              | Handle Assy.                                  |
| 23608               | D.M. & S.                              | Snubber Assy.                                 |
| 23609               | D.M. & S.                              | Step Assy.                                    |
| 23611               | Fairchild Aircraft                     | Roll Skins                                    |
| 23612               | Fairchild Aircraft                     | Roll Skin                                     |
| 23615               | N.D. Johnston Ltd.                     | Buckles                                       |
| 23616               | Can. Car & Foundry                     | PBY Parts                                     |
| 23617               | D.M. & S.                              | Connector Plug Assy.                          |
| 23638               | D.M. & S.                              | Nipples                                       |
| 23639               | D.M. & S.                              | Relays  |
| 23642               | D.M. & S.                              | Install. Comb. Heaters                        |
| 23650               | D.N.D.                                 | Midget Relay                                  |
| 23655               | Fairchild Aircraft                     | Roll Skin                                     |
| 23656               | Can. Car & Foundry                     | Swaging                                       |
| 23666               | Northern Star Mfg.                     | Swaging                                       |
| 23671               | No. 45 Atlantic Transport              | Engine Cowl                                   |
| 23673               | Boeing Aircraft                        | Phenolic Parts                                |
| 23696               | Fairchild Aircraft                     | Roll Skin                                     |
| 23700               | Linha-Aerea Trans. Cont.<br>Brasileira | Install. Radio Sets                           |
| 23702               | Boeing Aircraft                        | Supports Eng. Cowl Flap                       |
| 23703               | Can. Car & Foundry                     | Swaging, etc.                                 |
| 23712               | D.M. & S.                              | Strap Assy.                                   |
| 23713               | D.M. & S.                              | Strap Assy.                                   |
| 23714               | D.M. & S.                              | Strap Assy.                                   |
| 23715               | D.M. & S.                              | Retainer, Packing Jack                        |
| 23729               | D.N.D.                                 | Silica  |
| 23743               | No. 45 Atlantic Transport              | Scoop Nose Cowl Assy.                         |
| 23745               | Fairchild Aircraft                     | Roll Skins                                    |
| 23753               | N.D. Johnston Ltd.                     | End Tips                                      |
| 23761               | Firestone Tire                         | Plate Wing Float Brace                        |
| 23762               | Firestone Tire                         | Fairing Wing Float Brace Attach.              |
| 23776               | Ross Smith Co. Ltd.                    | Zippers                                       |
| 23790               | D.N.D.                                 | Tube, Clamp Assy.                             |
| 23806               | Fairchild Aircraft                     | Roll Skins                                    |
| 23807               | Fairchild Aircraft                     | Roll Skins                                    |
| 23819               | N.D. Johnston Ltd.                     | Tips, Buckles, etc.                           |
| 23842               | West Aeronautical Devices              | Bolts   |
| 25035               | Trans Canada Airlines                  | No. 623 Edwards Push Buttons                  |
| 25036               | Trans Canada Airlines                  | Hollman Tachometer Generator                  |
| 26000               | De Havilland                           | Setting up Tools                              |
| 26001               | De Havilland                           | New Tools Jigs, etc.                          |
| 26002               | De Havilland                           | New Main Sub Assy. Fixtures                   |
| 26003               | De Havilland                           | Engineering & Design Time                     |

MISCELLANEOUS ORDERS AND ACCEPTANCES OF TENDER—*Con.*

| <i>C.V. Job No.</i> | <i>Customer</i> | <i>Description</i>               |
|---------------------|-----------------|----------------------------------|
| 26004               | De Havilland    | Travelling Expense               |
| 26010               | De Havilland    | Ailerons L. & R.                 |
| 26011               | De Havilland    | Ailerons L. & R.                 |
| 26012               | De Havilland    | Ailerons L. & R.                 |
| 26013               | De Havilland    | Ailerons L. & R.                 |
| 26014               | De Havilland    | Ailerons L. & R.                 |
| 26015               | De Havilland    | Ailerons L. & R.                 |
| 26016               | De Havilland    | Ailerons L. & R.                 |
| 26017               | De Havilland    | Ailerons L. & R.                 |
| 26018               | De Havilland    | Ailerons L. & R.                 |
| 26019               | De Havilland    | Ailerons L. & R.                 |
| 26020               | De Havilland    | Ailerons L. & R.                 |
| 26021               | De Havilland    | Ailerons L. & R.                 |
| 26030               | De Havilland    | Aileron Detail Parts             |
| 26031               | De Havilland    | Aileron Detail Parts             |
| 26032               | De Havilland    | Aileron Detail Parts             |
| 26033               | De Havilland    | Shims                            |
| 26034               | De Havilland    | Channels                         |
| 26035               | De Havilland    | Support Assy. for Spares         |
| 26036               | De Havilland    | Skin and Guard for Spares        |
| 26037               | De Havilland    | Spars for Spares                 |
| 26038               | De Havilland    | Spars for Spares                 |
| 26039               | De Havilland    | Ailerons and Guards              |
| 26040               | De Havilland    | Stiffener Parts                  |
| 26041               | De Havilland    | Skin and Strip Parts for Spares  |
| 26050               | De Havilland    | Aileron Trim Tabs                |
| 26051               | De Havilland    | Aileron Trim Tabs                |
| 26052               | De Havilland    | Aileron Trim Tabs                |
| 26053               | De Havilland    | Aileron Trim Tabs                |
| 26054               | De Havilland    | Aileron Trim Tabs                |
| 26055               | De Havilland    | Aileron Trim Tabs                |
| 26099               | De Havilland    | Engineering and Drawing Exp.     |
| 30038               | D.M. & S.       | Repair Hudson Aircraft<br>BW 769 |
| 30039               | D.M. & S.       | Repair Dakota Aircraft KG 713    |

SCHEDULE "C" TO WHICH REFERENCE IS MADE IN PARAGRAPH I  
OF SECTION 8 OF THE CONTRACT BETWEEN HIS MAJESTY  
IN THE RIGHT OF CANADA AND CANADIAN VICKERS  
LIMITED MADE AS OF NOVEMBER 11, 1944

## SPECIAL ORDERS

| <i>C.V.<br/>Job. No.</i> | <i>Customer</i>                | <i>Description</i>          | <i>Amount</i> |
|--------------------------|--------------------------------|-----------------------------|---------------|
| 17672                    | Trans-Canada Air Lines, Dorval | Modification and Repairs..  | Cost Plus     |
| 20640                    | Consolidated Vultee Aircraft   | Finished Forgings.....      | \$ 3,480.00   |
| 21894                    | Trans-Canada Air Lines, Dorval | Modifications and Repairs.. | Cost Plus     |
| 22017                    | Consolidated Vultee Aircraft   | 20 Wing Spars.....          | 24,640.00     |
| 22665                    | Consolidated Vultee Aircraft   | 10 Hulls, .....             | 321,750.00    |
| 22666                    | Consolidated Vultee Aircraft   | Packing and Shipping.....   | 10,120.00     |
|                          |                                | 10 Hulls                    |               |
| 22955                    | Consolidated Vultee Aircraft   | 10 Hulls, .....             | 289,575.00    |
| 22956                    | Consolidated Vultee Aircraft   | Packing and Shipping.....   | 10,120.00     |
|                          |                                | 10 Hulls                    |               |
| 23040                    | Consolidated Vultee Aircraft } | 5 Gun Rings.....            | 2,640.00      |
| 23140                    | Consolidated Vultee Aircraft } | 10 Gun Rings                |               |
| 23725                    | Consolidated Vultee Aircraft   | Track Assembly.....         | 880.00        |
|                          |                                | Hull Bow Gun                |               |



This agreement made as of the 11th day of November, 1944. Between: His Majesty The King in right of Canada (hereinafter called "His Majesty") herein acting and represented by the Minister of Munitions and Supply (hereinafter called "the Minister") of the first part and Canadair Limited, Montreal, Quebec, (hereinafter called "Canadair") of the second part.

Whereas His Majesty is the owner of certain land, buildings, machinery, jigs, dies, gauges, expendable small tools, furnishings, fixtures, equipment and accoutrements constituting an aircraft manufacturing plant (hereinafter called the "plant"), located in the Parish of St. Laurent in the Province of Quebec; and

Where Canadair is operating the plant for and on behalf of His Majesty, as His agent, at His expense and under His supervision and control; and

Whereas His Majesty has agreed to grant to Canadair a lease of and option to purchase the said land, buildings, machinery, furnishings, fixtures, equipment and accoutrements, exclusive of all machinery and equipment useful only for the manufacture of Canso and PBY Type airplanes and also exclusive of all jigs, tools, dies, gauges and expendable small tools, such lease and option to become effective on or before the first day of May 1945, when, if and provided that Canadair shall have a paid-up capital of not less than Two million five hundred thousand dollars (\$2,500,000.00); and

Whereas His Majesty is the holder of a licence to manufacture and sell airplanes and spare parts under an agreement made as of the 24th day of February 1944, between His Majesty and Douglas Aircraft Company Inc. of Santa Monica, California, as amended by agreement dated as of the 30th day of September 1944, (hereinafter called the "Douglas Contract"); and

Whereas His Majesty has agreed to grant to Canadair the right to obtain the transfer and assignment of the Douglas Contract subject to the approval of Douglas Aircraft Company Inc., and upon such terms and conditions as may be agreed upon between the parties hereto, such right to become effective as and when the lease of the plant becomes effective.

Now, Therefore, these presents witnesseth:

That the parties hereto covenant and agree as follows:

### 1. *Agreement for Lease*

His Majesty hereby agrees to lease to Canadair the property hereinafter described, such lease to become effective on or before the first day of May 1945, when, if and provided that Canadair shall have a paid-up capital of not less than Two million five hundred thousand dollars (\$2,500,000.00) and such lease to continue up to and including March 31st, 1978, said property being described as follows:

- (a) The land forming part of the plant set out in the description and outlined in the sketch plan attached hereto as Schedule "A" to form part hereof (the said land being herein called "the land");
- (b) The buildings erected and presently in the course of erection on the said land, together with all things immovable attached hereto or forming part thereof for a permanency (all of which are hereinafter collectively called "the buildings");
- (c) All of the machinery, furnishings, fixtures, equipment and accoutrements, exclusive of all machinery and equipment useful only for the manufacture of Canso and PBY Type airplanes and also exclusive of all jigs, tools, dies, gauges and expendable small tools, presently located in the plant, which shall be listed in an inventory or inventories

to be made as soon as practicable by the parties hereto subsequent to the execution and delivery of this agreement and which inventory or inventories when signed by the parties hereto and identified as forming part of this agreement shall then be hereto attached as Schedule "B" to form part hereof (the said machinery, furnishings, fixtures, equipment and accoutrements so to be listed and leased being hereinafter collectively called the "leased equipment").

All of which land, buildings and leased equipment are hereinafter sometimes collectively called the "leased premises".

## 2. Rent

A. Canadair shall pay to His Majesty during the term of the lease, a monthly rent (hereinafter called "the basic monthly rent") determined as follows:

- (g) If the term begins on December 1st, 1944, the rent shall be a sum equal to one-half of one per cent (.5%) of the basic value of the leased premises as hereinafter defined, the said rent declining thereafter by decimal nought nought nought six two five per cent (.000625%) of the said basic value, for each and every subsequent month of the term.
- (b) If the term begins after December 31st 1944, the rent for the first month of the lease shall be a sum equal to one-half of one per cent (.5%) of the said basic value, less a sum equal to decimal nought nought nought six two five per cent (.000625%) of the said basic value multiplied by the number of months which will have elapsed between December 1st 1944 and the time of commencement of the lease and the rent shall decline thereafter by decimal nought nought nought six two five per cent (.000625%) of the said basic value, for each and every subsequent month of the term.

B. The payment of the basic monthly rent for which provision is made in sub-section A of this Section 2 shall be subject to deferment or prepayment on the following basis, viz.:

- (a) In the event that the total number of man hours of direct labour expended in the leased premises during the applicable four-week period (as hereinafter defined) shall be less than 384,000 man hours, the rent due by Canadair for the subject month (including the waived rent hereinafter mentioned) shall be an amount equal to that proportion of the basic monthly rent which the total number of man hours of direct labour expended in the leased premises during such applicable four-week period bears to 384,000 man hours, but any difference between the basic monthly rent and the amount of the rent due for such period (excluding the waived rent) shall not be deemed to be forgiven by His Majesty but the payment thereof only shall be deferred and the same shall become payable as hereinafter provided in sub-section F of this Section 2 (the said rent so deferred being hereinafter called "the deferred rent") provided that the rent payable by Canadair to His Majesty for any one month (including the waived rent) shall in no event be less than Five thousand dollars (\$5,000);
- (b) In the event that the total number of man hours of direct labour expended in the leased premises during the applicable four-week period is more than 384,000 man hours, the amount of rent due by Canadair for the subject month (including the waived rent) shall be increased in the same proportion as the excess in the said total number of man hours of direct labour expended bears to 384,000 man hours; (the said increase in the rent so due being hereinafter called "the prepaid rent");

- (c) An adjustment shall be made as of October 31st next following the beginning of the term as hereinbefore provided and annually thereafter as of October 31st in each year of the monthly calculations of the deferred, prepaid and waived rent to an annual basis (except in the case of the first period ending October 31st next following the beginning of the term which shall be adjusted according to the total number of months in such period). The said adjustment of deferred and prepaid rent shall be calculated on the basis of the total number of man hours of direct labour expended in the leased premises during the year compared to an annual total of 4,992,000 man hours (or in the case of the first period 416,000 man hours multiplied by the number of months in such period). Such adjustment shall be completed on or before the first day of December immediately following the date as of which the adjustment is made.
- (d) No rent shall be paid by Canadair to His Majesty in respect of the use of the leased premises on the work contemplated by the agreements, letters of authority and orders which are presently in effect and to which reference is specifically made in the operating agreement entered into between the parties hereto bearing even date herewith. The total man hours of direct labour expended in the leased premises on such work shall be included in the calculations to be made as provided in paragraphs (a), (b) and (c) of this sub-section B of this Section 2 and a proportionate part of the applicable basic monthly rent shall be waived and cancelled in the proportion that the total number of such man hours bears to the total number of man hours expended on direct labour in the leased premises during such period (the amount of rent so waived and cancelled being herein called "the waived rent");
- (e) For the purpose of the provisions of this agreement (i) "man hours of direct labour" shall be determined in accordance with the formula agreed upon between the parties and annexed hereto as Schedule "C" to form part hereof; and (ii) "applicable four-week period" shall mean, in respect of any month, the four consecutive calendar weeks ending with the last Saturday in such month;
- (f) If the adjustment on the annual basis to be made as provided for in paragraph (c) of this sub-section B discloses that the payment of part of the basic monthly rent for such period is to be deferred, the amount of such rent so to be deferred shall bear interest at the rate of 3 per cent per annum, compounded annually, calculated from the date as of which such adjustment is made until payment. If such adjustment discloses that there is prepaid rent for such period, the same shall be applied in payment of any outstanding deferred rent and interest thereon and the balance, if any, of such prepaid rent, shall bear interest at the rate of 3 per cent per annum, compounded annually, calculated from the date as of which such adjustment is made until the date of payment or other disposition of the said prepaid rent as provided for in this agreement, provided that no interest shall be calculated or allowed on any waived rent included in the prepaid rent. In making the adjustment on the annual basis, any outstanding prepaid rent and interest thereon shall be applied in payment of any deferred rent.

C. The rent shall be deemed to accrue from day to day and shall be payable on the first day of each succeeding month, commencing with the first day of the month following the date of the commencement of the lease.

D. Notwithstanding anything herein contained, the deferred rent at any time outstanding shall not exceed 9 per cent of the basic value of the leased



premises. If the deferred rent at any time outstanding exceeds 9 per cent of the basic value of the leased premises, Canadair shall be deemed to be in default within the meaning of Section 9 of this agreement, which default can then be remedied only by payment in full of such outstanding deferred rent and interest thereon as hereinbefore provided within the delays mentioned in Section 9.

E. In the event that at any time during the term of this agreement Canadair shall have paid to His Majesty a total aggregate amount of rent (including the waived rent) equal to the basic monthly rent for the whole term, then Canadair shall cease to pay rent hereunder to His Majesty.

F. In the event that at the completion of the term of the lease or upon the exercise of the option to purchase for which provision is hereinafter made, or upon the termination of the lease, whichever shall first occur, there is outstanding deferred rent, the amount of such deferred rent and interest thereon as hereinbefore provided shall immediately thereupon become payable by Canadair to His Majesty.

G. In the event that upon the exercise of the option to purchase, for which provision is hereinafter contained, or upon the termination of this agreement, whichever shall first occur, there is outstanding prepaid rent, the amount of such prepaid rent and interest thereon as hereinbefore provided shall be credited against the purchase price payable pursuant to the exercise of the option by Canadair against the amounts payable by Canadair by reason of such termination, but His Majesty shall not otherwise be obliged to refund to Canadair such prepaid rent and interest thereon.

H. Canadair's obligation to pay the rent herein stipulated shall not be subject to abatement or diminution by virtue of Canadair's loss of the use and enjoyment of the leased premises or any part thereof.

### 3. *Basic Value of Leased Premises*

The term "basic value of the leased premises" as used herein shall mean the sum of the following:

- (a) 60 per cent of the actual cost to His Majesty of the land (hereinafter called the "basic value of the land");
- (b) 60 per cent of the actual cost to His Majesty of the buildings (hereinafter called the "basic value of the buildings");
- (c) 60 per cent of the actual cost to His Majesty of each item of the leased equipment (hereinafter called the "basic value of the leased equipment"), including freight, duties, taxes and installation costs,

the intention being that the amount of the basic value of the leased premises shall vary from time to time as the buildings presently in the course of erection shall be completed and made available to Canadair; the basic value of such buildings presently in the course of erection to be included in the basic value of the leased premises as of the first day of the month immediately following the month in which such buildings are completed and become available to Canadair.

The basic value of the land shall be determined as soon as practicable by the parties hereto and set forth in a Schedule or Schedules which, when signed by the parties hereto and identified as forming part hereof, shall be hereto attached to form part hereof.

The basic value of the buildings and the basic value of the leased equipment respectively, shall be determined from time to time by the parties hereto and set forth in a Schedule or Schedules which when signed by the parties hereto and identified as forming part hereof shall be hereto attached to form part hereof.

#### 4. *Terms and Conditions of Lease*

The said lease shall be subject to the following terms and conditions:

- (a) Canadair agrees to accept the leased premises in their condition at the time of commencement of the lease and unless the option to purchase for which provision is hereinafter contained be exercised, agrees to deliver up the leased premises to His Majesty at the termination of the lease in as good condition as the same were at the commencement of the lease. Canadair shall not make any structural changes or additions to the leased buildings without the prior written consent of the duly authorized representative of His Majesty.
- (b) Unless and until the option to purchase for which provision is hereinafter made be exercised, Canadair shall at all times during the term of the lease, at its own expense, maintain the leased premises in good order and condition and shall make thereto such repairs (whether lessor's repairs or lessee's repairs) and replacements as may from time to time become necessary in order that the leased premises may be and remain in good order and condition. Canadair shall maintain the plant in good operating condition to the satisfaction of the Minister as a going concern of substantially the same productive capacity as at the commencement of the lease and shall make such replacement or substitution of machines, machine tools and equipment which become worn out or obsolete as may be necessary for that purpose. All such repairs and replacements shall become and be the property of His Majesty and shall form part of the leased premises.

His Majesty agrees to subrogate and make available to Canadair any and all the rights and claims which His Majesty now has or may hereafter have against the architects and builders of the buildings (either directly or by assignment from Canadair Vickers Limited) in respect of defects arising out of the designs, plans, specifications, workmanship, materials or construction thereof.

- (c) His Majesty shall have the right, at any time, to enter the leased premises for the purpose of inspecting the same or for removing any equipment owned by His Majesty and not forming part of the leased premises.
- (d) Unless and until the option to purchase for which provision is hereinafter contained be exercised, Canadair shall at all times at its own expense cause the buildings and leased equipment to be insured and to do all things necessary to keep the same insured against the risks usually covered under a standard fire insurance policy bearing as an endorsement the standard supplemental contract approved by the Canadian Underwriters Association to a minimum aggregate amount at all pertinent times determined by multiplying the sum of the then basic value of the buildings and the then basic value of the leased equipment by the applicable percentage set forth in Section 5 hereof.

Canadair shall also, at its own expense, carry boiler insurance on any pressure vessels in or about the plant having a pressure of 15 lbs., or more per square inch. Such boiler insurance shall be effected with an insurance company providing a good inspection service, and shall cover such risks and limits as are now in effect in respect of pressure vessels in the plant.

The proceeds of such insurance shall be made payable to His Majesty and Canadair as their interests may appear and Canadair shall from time to time, upon request, furnish to His Majesty copies of the relevant insurance policies and renewal certificate evidencing the fact that such insurance is in effect.

Should Canadair fail to insure as required in this subsection (d), His Majesty may insure and charge the cost thereof to Canadair, which Canadair undertakes and agrees to pay to His Majesty upon demand.

Any and all amounts which may from time to time become payable by the insurers to His Majesty and Canadair under such policies by reason of damage to the buildings or the leased equipment shall, notwithstanding any other provisions to the contrary herein contained and failing any other arrangements between the parties hereto, be applied towards remedying any damage to the buildings or the leased equipment by reason of which such amount so became payable under such insurance policies and when such repairs have been effected the repaired buildings and leased equipment shall continue to be the property of His Majesty, provided, however, that if after the occurrence of any such damage and prior to the remedying thereof, the option to purchase for which provision is hereinafter contained be exercised, any proceeds of such policies otherwise paid or payable to His Majesty shall be paid by His Majesty or assigned by His Majesty, as the case may be, to Canadair.

It is distinctly understood and agreed that, should the insurance moneys be insufficient to effect the necessary repairs, Canadair shall be and remain obligated to complete such repairs in accordance with the provisions of sub-sections (a) and (b) of this Section 4.

- (e) Canadair shall pay all municipal and school taxes and other rates and charges which may from time to time be lawfully levied upon the leased premises or any part thereof or with respect to the use and occupancy thereof by Canadair.

#### 5. *Option to Purchase Leased Premises*

At any time during the term of the lease above mentioned, Canadair shall have the sole and exclusive right to purchase the leased premises as they may then exist, in whole but not in part, for a price in cash calculated on the basis of the applicable percentage of the basic value of the leased premises at the time of the exercise of such right and option as follows:

If the option to purchase is exercised before December 31, 1944, the applicable percentage shall be one hundred per cent (100%). If the option is exercised after December 31, 1944, the applicable percentage shall be one hundred per cent (100%) less one-fourth of one per cent (.25%) for each month which will have elapsed between December 1, 1944 and the time of the exercise of such option.

#### 6. *Allowance of Rent as Expense for Tax Purposes*

The full amount of any and all rent from time to time paid by Canadair to His Majesty under the provisions of this agreement (excluding the waived rent) shall be treated and considered by His Majesty, any law or regulation for the time being or from time to time in effect to the contrary notwithstanding, as operating costs or expenses of Canadair and as such deductible from and in respect of Canadair's revenues for the purposes of calculating and determining Canadair's taxable income and profits from year to year and the amount of taxes, if any, from time to time payable to His Majesty by Canadair upon or in respect of its income or profits.

#### 7. *Right to acquire Douglas Contract*

A. If and when so requested at any time by Canadair during the term of the lease and subject to the prior written consent of Douglas Aircraft Company, Inc., and to mutually satisfactory terms and conditions being agreed upon



between the parties hereto His Majesty will transfer and assign to Canadair exclusively all of the rights and benefits accruing to His Majesty under the Douglas Contract and pending such transfer and assignment His Majesty shall not grant any sub-license thereunder to any third person without the prior consent of Canadair in writing.

B. If the rights and benefits under the Douglas Contract have been assigned by His Majesty to Canadair in accordance with the provisions of the preceding paragraph A, Canadair shall, in the event of the termination of the lease prior to the exercise of the option to purchase hereinafter mentioned, retransfer and reassign to His Majesty all of the rights and benefits accruing under the Douglas Contract upon the condition that His Majesty shall assume and agree to satisfy and discharge all of the obligations of Canadair thereafter accruing under the Douglas Contract, the whole subject to such consent of Douglas Aircraft Company, Inc., as may be required in accordance with the Douglas Contract.

#### 8. *Use of Runways and Airfield*

Canadair shall at all times during the term of the lease be entitled in common with others to make use of the runways and airfield adjacent to the plant and forming part of the property of His Majesty presently known as the Cartierville Airport for the purpose of test flying incidental to the operation of the plant in the manufacture or repair of aircraft, upon such terms and conditions as to maintenance and upkeep as may be mutually agreed to by the parties.

His Majesty may at any time during the term of the lease request Canadair to maintain the said runways and airfield. If such request be made by His Majesty to Canadair, Canadair shall undertake to maintain the same at cost, such cost to be borne by the parties in such proportion as may be mutually agreed upon.

#### 9. *Default and right to terminate*

Without prejudice to any other right which His Majesty may have, in the event of any default on the part of Canadair to fulfill and perform each and every one of its obligations under the lease as and when they become due and that any such default continues for a period of sixty days, then His Majesty may thereafter notify Canadair of such default and in the event of the failure of Canadair to remedy any such default within thirty (30) days from the date of the receipt of such notice by Canadair from His Majesty, His Majesty may by notice in writing and without any other formality whatsoever terminate the lease and Canadair shall thereupon deliver up and surrender possession of the leased premises to His Majesty and pay to His Majesty the total aggregate amount of the rent theretofore accrued and remaining unpaid and fulfill and perform any and all other obligations theretofore accrued and remaining outstanding.

In the event that at any time after and including the first day of November 1946 and prior to the first day of November 1946, the total number of man hours of direct labour expended in the leased premises during any year (beginning November 1st in any one year and ending on October 31st in the following year) is such that the rent payable by Canadair to His Majesty (including the waived rent) for such year does not exceed Sixty thousand dollars (\$60,000.00), then Canadair may at any time during the next succeeding period of six months, by thirty (30) days' prior notice in writing to His Majesty, terminate the lease and in the event of any such termination by Canadair, the latter shall be relieved of any and all further obligations hereunder by delivering up and surrendering possession of the leased premises to His Majesty, paying to His Majesty the total aggregate amount of the rent theretofore accruing and remaining unpaid, fulfilling and performing any and all other obligations theretofore

accrued and remaining outstanding and, subject to the provisions of sub-section G of Section 2 hereof, paying to His Majesty an amount equivalent to the basic monthly rent for the whole period of twelve months next ensuing.

#### 10. *Conditional Assignment of Manufacture Contracts*

A. If any manufacturing or sales contracts are made by Canadair with third parties other than His Majesty prior to the time when the lease and option for which provision is herein contained becomes effective, Canadair shall assign all such contracts to His Majesty upon the condition that such contracts and all benefits derived by His Majesty thereunder shall be re-assigned to Canadair if and when the lease and option for which provision is herein contained becomes effective.

B. If any such contracts are assigned by Canadair to His Majesty and the lease and option for which provision is herein contained does not become effective, to work under the said contracts shall be performed in accordance with the contract made with Canadair pursuant to the authority of Order in Council P.C. 8991 of November 28, 1944, and bearing even date herewith.

#### 11. *Accounts*

Canadair shall keep proper accounts and records satisfactory to the Minister required for or incidental to this Agreement. Such accounts and records shall at all times be open to audit and inspection by the authorized representatives of the Minister (who may make copies thereof and take extracts therefrom) and Canadair shall afford all facilities for such audits and inspections and shall furnish the Minister and his authorized representatives with all such information as he or they may from time to time require with reference to such accounts and records.

#### 12. *Notices*

Any notices to be given hereunder to His Majesty or the Minister shall be in writing and shall be addressed to the Deputy Minister of Munitions and Supply, Ottawa, Ontario.

Any notices to be given hereunder to Canadair shall be in writing and shall be addressed to Canadair Limited, P.O. Box 6087, Montreal, Que.

Either party may by notice to the other party change the name or address to which notices hereunder may be sent.

#### 13. *Negotiations Superseded*

All previous communications, negotiations and agreements with respect to the subject matter hereof are hereby superseded and cancelled.

#### 14. *Assignment*

This agreement or the lease herein referred to, shall not be assignable in whole or in part by Canadair without the prior approval of His Majesty in writing.

#### 15. *Laws*

This agreement shall be in all respects subject and interpreted in accordance with the laws of the Province of Quebec.

#### 16. *House of Commons Clause*

No member of the House of Commons of Canada shall be admitted to any share or part of this contract or to any benefit to arise therefrom.

#### 17. *Agreement to become void if lease not effective May 1st, 1945*

Should Canadair fail to comply with the conditions herein contained so that the lease does not become effective on or before the first day of May 1945 as provided in Section 1 hereof, then, and in such event, all the provisions of this agreement, excepting only the provisions of Section 10 hereof, shall ipso facto become null and void and of no effect as and from said time.

In Witness Whereof this agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by Executive Assistant (General) to the Deputy Minister of Munitions and Supply and by the Secretary of the Department of Munitions and Supply, and has been executed by Canadair under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, Sealed and Delivered  
in manner aforesaid on behalf of  
His Majesty the King in right of  
Canada in the presence of:

E. YOUNG,  
Witness

A. J. MARTIN,  
*Executive Assistant (General)*  
D/S

R. T. DONALD,  
*Secretary.*

Signed, Sealed and Delivered  
in the presence of:

"?"  
Witness

CANADAIR LIMITED  
B. A. FRANKLIN,  
*President.*

C/S

M. OGDIN HASKELL,  
*Secretary.*

G.W.M.  
G.W. MacDonald  
22/2/45

Approved as to terms  
F. H. BROWN.

I hereby certify that the within is a true copy of an Original Agreement dated the 11th day of November, 1944, made between His Majesty the King in right of Canada and Canadair Limited, save and except that the following has been omitted therefrom: Plan.

M.E.F.  
& M. A. M. C.

P. E. NICHOLS,  
*Supervisor of Dittoed Contracts  
Main Pool.*

This is Schedule "A" to the agreement between His Majesty the King in right of Canada and Canadair Limited dated as of the 11th day of November 1944.

Description of an area to be purchased by Canadair Limited at Cartierville,  
P.Q.

A certain area or parcel of land composed of that lot and those parts of lots which are known and designated upon the Official Plan and Book of Reference of the Cadastre of the Parish of St. Laurent, County of Jacques Cartier, as being the following:—

1. An unsubdivided part of lot number two hundred and twenty-nine (229 pt.).

It is bounded upon the North-East by that part of lot subdivision number two of original lot number two hundred and thirty-two (232-2 pt.) which is hereinafter described under paragraph (6); upon the South-East by that part of lot subdivision number one of original lot number two hundred and twenty-



nine (229-1 pt.) which is hereinafter described under paragraph (2); upon the South-West and North-West by the remaining unsubdivided part of this same lot number two hundred and twenty-nine (229 pt.)

It measures one hundred and fifteen feet and six tenths of a foot (115·6') upon its north-easterly side; three hundred and thirty feet and four tenths of a foot (330·4') upon its south-easterly side; one hundred and forty-one feet and six tenths of a foot (141·6') upon its south-westerly side; and three hundred and thirty-three feet and three tenths of a foot (333·3') upon its north-westerly side. It contains an area of forty-two thousand five hundred and seventy-nine square feet (42,579·0) English Measure, and more or less. This is equivalent to one arpent and thirteen hundredths of an arpent (1·13) French square measure, and more or less.

2. A part of lot subdivision number one of original lot number two hundred and twenty-nine (229-1 pt.);

It is bounded upon the North-East by lot subdivision number one of original lot number two hundred and thirty-two (232-1); upon the South-East by that part of lot number two hundred and thirty (230 pt.) which is hereinafter described under paragraph (3); upon the South-West by the remainder of this same lot subdivision number one of original lot number two hundred and twenty-nine (229-1); upon the North-West by that part of the unsubdivided part of Lot number two hundred and twenty-nine (229 pt.) which is hereinbefore described under paragraph (1).

It measures one hundred and four feet (104·0) upon its north-easterly side; three hundred and twenty-nine feet (329·0) upon its south-easterly side; one hundred and one feet and seven tenths of a foot (101·7') upon its south-westerly side; and three hundred and thirty feet and four tenths of a foot (330·4') upon its north-westerly side. It contains an area of thirty-three thousand nine hundred and ten square feet (33,910·0) English Measure and more or less. This is equivalent to ninety-three hundredths of an arpent (0·93) French Measure, and more or less.

3. A part of lot number two hundred and thirty (230 pt.).

It is bounded upon the North-East partly by that part of lot number two hundred and thirty-one (231 pt.) which is hereinafter described under paragraph (4) and partly by the remaining other part of lot number two hundred and thirty-one (231 rem. pt.); upon the South and South-West by the remainder of this same lot number two hundred and thirty (230 rem.); upon the North-West by that part of lot subdivision number one of original lot number two hundred and twenty-nine (229-1 pt.) which is hereinbefore described under paragraph (2).

It measures nineteen hundred and seventy-nine feet and five tenths of a foot (1,979·5') upon its north-easterly side; four hundred and twenty-five feet and four tenths of a foot (425·4') upon its southerly side; sixteen hundred and eighty feet (1,680·0) upon its south-westerly side; and three hundred and twenty-nine (329·0) upon its north-westerly side.

It contains an area of five hundred and seventy-seven thousand four hundred and eighty-three square feet (577,483·0) English Measure, and more or less. This is equivalent to fifteen arpents and sixty-nine hundredths of an arpent (15·69) French square Measure, and more or less.

4. A part of lot number two hundred and thirty-one (231 pt.).

It is bounded upon the North-East by that part of lot number two hundred and thirty-three (233 pt.) which is hereinafter described under paragraph (7); upon the South-East by the remainder of this same lot number two hundred and thirty-one (231 pt.); upon the South-West by that part of lot number

two hundred and thirty (230 pt.) which is hereinbefore described under paragraph number (3); upon the North-West by lot subdivision number one of original lot number two hundred and thirty-two (232-1).

It measures eighteen hundred and fifty-one feet and four tenths of a foot (1,851.4') upon its north-easterly side; two hundred and twenty-five feet (225.0') upon its south-easterly side; eighteen hundred and forty-nine feet (1,849.0) upon its south-westerly side; and two hundred and twenty-five feet (225.0) upon its north-westerly side. It contains an area of four hundred and sixteen thousand two hundred and ninety-seven square feet (416,297.0) English Measure, and more or less. This is equivalent to eleven arpents and thirty-two hundredths of an arpent (11.32) French square Measure, and more or less.

5. Lot subdivision number one of original lot number two hundred and thirty-two (232-1).

It is bounded upon the North-East by that public highway which is known as being La Montee St. Laurent; upon the South-East by those parts of lot numbers two hundred and thirty-one, two hundred and thirty-three, and two hundred and thirty-four (231 pt., 233 pt., and 234 pt.) which are described herein; upon the South-West by lot subdivision number one of original lot number two hundred and twenty-nine (229-1); upon the North-West by that part of lot subdivision number two of original lot number two hundred and thirty-two (232-2 pt.) which is hereinafter described under paragraph (6).

It measures one hundred feet (100.0) in breadth upon La Montee St. Laurent; five hundred and fifty-eight feet (558.0) in depth along its south-easterly side; one hundred and four feet (104.0) upon its south-westerly side; and five hundred and fifty-eight feet (558.0) upon its north-westerly side.

It contains an area of fifty-seven thousand four hundred and seventy-four (57,474.0) square feet, English Measure, and more or less. This is equivalent to one arpent and fifty-six hundredths of an arpent (1.56) French square Measure, and more or less.

6. A part of lot subdivision number two of original lot number two hundred and thirty-two (232-2 pt.).

It is bounded towards the North-East by that public highway which is known as La Montee St-Laurent; upon the South-East by lot subdivision number one of original lot number two hundred and thirty-two (232-1); upon the South-West by that part of lot number two hundred and twenty-nine (229 pt.) which is hereinbefore described under paragraph (1); upon the North-West by the remainder of this said lot subdivision number two of original lot number two hundred and thirty-two (232-2 rem.).

It measures seventy-two feet (72.0) upon La Montee St. Laurent; five hundred and fifty-eight feet (558.0) upon its south-easterly side; one hundred and fifteen feet and six tenths of a foot (115.6') upon its south-westerly side; and five hundred and fifty-nine feet and seven tenths of a foot (559.7') upon its north-westerly side. It contains an area of fifty-two thousand three hundred and forty square feet (52,340.0) English Measure, and more or less. This is equivalent to one arpent and forty-three hundredths of an arpent (1.43) French square Measure, and more or less.

7. A part of lot number two hundred and thirty-three (233 pt.).

It is bounded upon the North-East by that part of lot number two hundred and thirty-four (234 pt.) which is hereinafter described; upon the South-East by the remainder of this same lot number two hundred and thirty-three (233 rem.); upon the South-West by that part of lot number two hundred and thirty-one (231 pt.) which is hereinbefore described under paragraph number (4); upon the North-West by lot subdivision number one of original lot number two hundred and thirty-two (232-1).

It measures eighteen hundred and fifty-three feet and eight tenths of a foot (1853·8') upon its north-easterly side; two hundred and twenty-five feet (225·0) upon its south-easterly side; eighteen hundred and fifty-one feet and four tenths of a foot (1851·4') upon its south-westerly side; and two hundred and twenty-five feet (225·0) upon its north-westerly side.

It contains an area of four hundred and sixteen thousand eight hundred and forty-two (416,842·0) square feet, English Measure, and more or less. This is equivalent to eleven arpents and thirty-four hundredths of an arpent (11·34) French square Measure, and more or less.

8. A part of lot number two hundred and thirty-four (234 pt.).

It is bounded upon the North-East by that public highway known as La Montee St. Laurent; upon the South-East by the remainder of this same lot number two hundred and thirty-four (234 rem.); upon the South-West by that part of lot number two hundred and thirty-three (233 pt.) which is hereinbefore described under paragraph (7); upon the North-West by lot subdivision number one of original lot number two hundred and thirty-two (232-1).

It measures eighteen hundred and fifty-five feet (1855·0) upon La Montee St. Laurent; one hundred and nine feet and four tenths of a foot (109·4') upon its south-easterly side; eighteen hundred and fifty-three feet and eight tenths of a foot (1853·8') upon its south-westerly side; and one hundred and eight feet (108·0) upon its north-westerly side.

It contains an area of two hundred and two thousand square feet (202,000) English Measure, and more or less. This is equivalent to five arpents and forty-eight hundredths of an arpent (5·48) French square Measure, and more or less.

The total area of land contained within the above described parcel is one million, seven hundred and ninety-eight thousand, nine hundred and twenty-five square feet (1,798,925·0) English Measure, and more or less. This is equivalent to forty-eight arpents and eighty-eight hundredths of an arpent (48·88) French square Measure or forty-one acres and thirty hundredths of an acre (41·30) English square Measure, and more or less.

The whole as shown outlined in green upon the accompanying plan.

All distances mentioned are in Standard English feet and decimals thereof. All directions are magnetic.

Given in this City of Montreal, this eleventh day of the month of December, nineteen hundred and forty-four under minute number nineteen thousand six hundred and seventy-five (19,675) of our records.

C. C. LINDSAY,  
C. E. & Q.L.S. of  
*Barclay Incorporated.*

SCHEDULE "C" TO THE AGREEMENT BETWEEN HIS MAJESTY THE  
KING IN RIGHT OF CANADA AND CANADAIR LIMITED  
DATED AS OF THE 11th DAY OF NOVEMBER 1944

A. For the purpose of this agreement, "Man Hours of Direct Labour" shall mean the sum of:

- (1) Direct Labour Man Hours charged in accordance with the accounting practice followed by Canadian Vickers Limited in the Plant in the accounting period ending November 11, 1944.



- (2) Direct Labour Man Hours on the following operations, which, for purposes of convenience in accounting, have heretofore been charged in the Plant as Indirect Labour, namely:

*Group 1*

Punch Press Work  
Stamping Machine Work  
Hydro Press Work  
Power Brake Work  
Joggle Press Work  
Router Machine Work  
Sheet Metal Shear Work  
Band Saw Work  
Circular Saw Work

or other manufacturing operations of a like nature which may hereafter be used for the purpose of accomplishing the same or substantially the same result as any of the foregoing named operations.

*Group 2*

Sand Blasting  
Painting  
Anodic Treatment  
Steel Heat Treatment  
Aluminum Heat Treatment  
Cadmium Plating  
Metallizing  
Rivet Heat Treatment

or other manufacturing operations of a like nature which may hereafter be used for the purpose of accomplishing the same or substantially the same result as any of the foregoing named operations.

B. There shall be set up on the books of the company a Direct Labour Suspense Account for each of the operations mentioned in Group 1 and the labour expended in each of these operations shall be charged in the Suspense Account set up for such operation in such manner as will record the number of man hours expended. A count shall be kept by Contract of the number of items produced with respect to each such Suspense Account. As of the end of each calendar week, the amount charged and the man hours recorded in each such Suspense Account shall be re-distributed by Contracts in proportion to the number of items produced on each contract.

C. There shall be set up also on the books of the company a Direct Labour Suspense Account for each of the operations mentioned in Group 2 and the labour expended in each of these operations shall be charged in the Suspense Account set up for such operation in such manner as will record the number of man hours expended. At the end of each calendar week, the amount charged and the man hours recorded in each such Suspense Account will be distributed by Contract in the same proportion as the sum of the Direct Labour chargeable to such contract under Paragraph 1 of Section A of this Schedule and the labour chargeable to such contract under Section B of this Schedule bears to the total sum of Direct Labour expended in the Plant under Paragraph 1 of Section A of this Schedule and Section B of this Schedule.

File 11-C-3573

P.C. 4060 (1945)

Agreement made as of the 1st day of May, 1945. By and between His Majesty the King in right of Canada (hereinafter called "His Majesty") herein acting and represented by the Minister of Munitions and Supply (herein-

after called the "Minister") of the first part, and Canadair Limited, Montreal, Quebec, (hereinafter called "Canadair") of the second part.

Whereas the parties have entered into an Agreement dated as of the 11th day of November, 1944, (authorized by Order in Council P.C. 8991 of 1944) according to which Canadair undertook to carry out for and on behalf of His Majesty certain operations at a plant owned by His Majesty at Cartierville, Quebec, (said Agreement being hereinafter referred to as the "Operating Agreement"); and

Whereas the parties have entered into a further Agreement, also dated as of the 11th day of November, 1944, (authorized by Order in Council P.C. 1082 of 1945), under which His Majesty agreed to lease the said plant at Cartierville to Canadair and to give Canadair an option to purchase the said plant, the whole subject to various terms and conditions as therein set forth (said Agreement being hereinafter referred to as the "Lease-Option Agreement"); and

Whereas the Lease-Option Agreement has now become void, as provided in Clause 17 thereof; and

Whereas the parties have now agreed that Canadair will operate the said plant for and on behalf of His Majesty on a management fee basis;

Now therefore this Agreement witnesseth as follows:

1. The Operating Agreement is hereby amended as follows:

(a) By deleting Section 3 thereof and by substituting therefor the following:

3. Canadair shall for and on behalf of His Majesty, as his agent, at his expense and under his supervision and control, take possession hereunder of all assets constituting the Cartierville Aircraft Division surrendered, delivered, transferred and assigned by Vickers to His Majesty under the Vickers Agreement and shall for and on behalf of His Majesty, as his agent, at his expense and under his supervision and control, administer, manage and operate all such assets and carry out and perform all of the obligations of His Majesty under the Vickers Agreement as expeditiously as possible, the whole except in so far as the Vickers Agreement concerns the obligations of His Majesty to pay monies to Vickers".

(b) By deleting Section 4 and by substituting therefor the following:

4. (a) The Overhaul and Repair Contract between His Majesty and Vickers, to which reference is made in Paragraph J of Clause 8 of the Vickers Agreement, shall be terminated as of the 1st day of April, 1945, and the parties hereto shall, as of that date, enter into a new Overhaul and Repair Contract having approximately the same terms.

(b) Canadair shall carry out the plant such additional work for the production or conversion of aircraft or aircraft parts as the Minister may, from time to time, direct and may, but only with the permission in writing of the Minister, carry out further or other additional work, as the Minister may from time to time approve. Subject to any special agreement to the Contrary, all work carried out under the terms of this Section shall be deemed to be carried out for and on behalf of His Majesty, and shall be performed under and in accordance with the terms of this Contract".

(c) By adding after paragraph (b) of Section 6 the following new paragraph:

(bb) All monies received by Canadair in connection with any work carried out under the terms of this Contract shall be deposited in the Special Account, with the exception only of such monies as may have been paid to Canadair by His Majesty as fees under the terms of this Contract".

- (d) By adding at the end of Section 6 the following new paragraph:
- (h) Canadair may, with the written consent of the Minister, establish at convenient locations other bank accounts administered as sub-accounts of the Special Account. Such sub-accounts shall bear such designations and shall be operated by such persons as the Company may designate and in such manner as the Minister may from time to time in writing authorize or approve, which written authorizations or approvals shall remain in effect until such time or times as written revocation thereof, signed by the Minister, may be delivered to the Bank in which such sub-accounts may be kept and to Canadair".

- (e) By deleting Section 7 and by substituting therefor the following:

*7. Fees.*

A. His Majesty, as full compensation for the services to be performed and rendered by Canadair under this Contract shall pay to Canadair:

- (a) With respect to completion of the work to which the Vickers Agreement refers, with the exception of work to be performed by Canadair on DC-4 airplanes to which reference is made in paragraph (g) of Section 7 of the Vickers Agreement, the amount, if any, by which the total aggregate amount of the fees, bonuses and profits payable by His Majesty under the provisions of paragraphs B, C, D, E, F, H, I, J and K of Section 8 of the Vickers Agreement, together with the profits already made by Vickers under the special orders with third parties heretofore completed and listed in Schedule "C" annexed to the Vickers Agreement to form part thereof exceeds the sum of \$2,500,000;
- (b) With respect to the work to be performed by Canadair under the Overhaul and Repair Contract to be made between His Majesty and Canadair as of the 1st day of April, 1945, pursuant to the provisions of paragraph (a) of Section 4 hereof, the fees for which such Overhaul and Repair Contract shall provide;
- (c) With respect to all additional work performed by Canadair under the provisions of paragraph (b) of Section 4 hereof:
- (i) If such work consist of the production, overhaul, repair or conversion of aircraft or aircraft parts for the use of the Government of Canada for any purpose or for the use of any Allied Government for war purposes, a fee of one per centum (1%) of the estimated cost of such work, as approved by the Minister, exclusive of the cost of jigs and tools, which fee shall, in the event of the actual cost of such work being less than such estimated cost, be increased by five per centum (5%) of the difference between such actual cost and such estimated cost, provided that the said fee shall never exceed one and one-half per centum (1½%) of such estimated cost, and provided further that, should the Minister find that the actual cost has less than such estimated cost because such estimated cost was based on erroneous information furnished by Canadair, the Minister may at his discretion revise such estimated cost and the fee shall then be based upon such revised estimated cost;
- (ii) if such work consist of any work other than that to which reference is made in the immediately preceding sub-paragraph (i), a fee equal to sixty-five per centum (65%) of the profit,



if any, on such work after charging for amortization of the cost of the facilities of His Majesty used in the performance of such work an amount equal to 8c per man-hour of direct labour expended in the performance of such work at the plant or tree per centum (3%) of the cost of such part of such work as may be performed at the plant, whichever may be the greater, plus such amount as may be agreed upon between the Minister and Canadair covering amortization of the cost of any jigs and tools of His Majesty used in the performance of such work.

B. All spare parts for Canso type aircraft to be produced by Canadair for delivery to the Government of the United States of America shall be deemed to be produced under the terms of the Agreement of January 25th, 1944, to which reference is made in paragraph (f) of Section 7 of the Vickers Agreement, and no fees shall be payable by His Majesty to Canadair in respect of such spare parts, save as provided in paragraph C of Section 8 of the Vickers Agreement and paragraph (a) of sub-section A of this Section 7.

C. No municipal or school taxes on the plant or with respect to the use and occupancy thereof and allocable to the cost of the work hereinbefore mentioned in paragraph (a) of sub-section A and in sub-paragraph (i) of paragraph (c) of subsection A of this Section shall be considered as part of the cost of the work for the purpose of calculating the fees payable by His Majesty to Canadair under the provisions thereof, unless included in any estimate for such work.

D. In the event that Canadair shall undertake any work to which reference is made in sub-paragraph (ii) of paragraph (c) of sub-section A of this Section 7 on a fixed price basis and the actual cost of the performance of such work, including the charges for amortization to which reference is made in the said sub-paragraph (ii), shall exceed such fixed price, then the amount of any such excess, shall be deducted from any fees payable to Canadair in respect of work performed during the financial period of Canadair on which such excess occurs.

E. As soon as possible after the 31st day of October, 1945, and after the end of each subsequent financial year of Canadair, an audit shall be made by a Cost Accountant appointed or approved by the Minister for the purpose of ascertaining the cost of the work done under this Contract and the amount of the fees payable to Canadair under the provisions hereof, and such fees shall be paid to Canadair as soon as determined; provided that the Minister may, from time to time, at his discretion, make payments in advance on account of such fees.

F. The fees to which Canadair is entitled hereunder shall be paid to Canadair out of the Special Account as and when they have been determined and become due and payable, and Canadair is hereby authorized to make such payment.

(f) By deleting Section 8 and by substituting therefor the following:

8. *Canadair's Right to Terminate*

Canadair may at any time following the end of the war in which His Majesty is now engaged terminate this Contract by giving to His Majesty six months notice in writing of its intention to do so.

In the event of such termination by Canadair, settlement shall be effected between the parties hereto in accordance with the provisions of clause 26 of the General Conditions as amended by this Contract."

(g) By deleting paragraph (b) of Section 11 and by substituting therefor the following:

(b) By deleting Clause 13 and replacing the same by the following:

Subject to the provisions of the Agreement, the term "cost" or "cost of the work" as used herein, shall be determined in accordance with the provisions of the Costing Memorandum, Form M. & S. 433; provided that, without prejudice to the express provisions of the agreement, there shall be excluded from such cost (a) rental on any buildings or equipment of the Contractor used for the purpose of the work, (b) the salaries or other remuneration of the President and of any corporate and executive officers who do not devote their full time to the affairs of Canadair, and (c) any amounts paid to any director as such; provided, however, that, notwithstanding anything to the contrary contained in the said Costing Memorandum, costs reasonably and properly incurred by Canadair in procuring orders for work to be performed at the plant, other than orders from His Majesty, shall be allowed as costs under the terms of this agreement.

(h) By deleting sub-clause (f) of Clause II.

2. This agreement shall be known as Amendment No. 1 to the Operating Agreement.

In witness whereof this agreement has been executed and sealed on behalf of His Majesty the King in right of Canada by the Deputy Minister of Munitions and Supply and by the Secretary of the Department of Munitions and Supply, and has been executed by Canadair under its corporate seal duly affixed thereto by its officers authorized in that behalf.

Signed, sealed and delivered in manner  
aforesaid on behalf of His Majesty the  
King in right of Canada in the presence  
of:

E. YOUNG,  
*Witness*

G. K. SHELLS,  
*Deputy Minister*

D/S

R. T. DONALD  
*Secretary*

Signed, sealed and delivered in the  
presence of:

" ? "  
*Witness*

CANADAIR LIMITED  
" ? "  
*President*

C/S

M. OGDEN HASKELL  
*Secretary*

Federal Aircraft Ltd.

Approved as to form by Legal Counsel

G. H. MONTGOMERY

date May 31, 1945.

Approved as to Terms

D. H. MACFARLANE

date May 31, 1945.

6/6/45

Approved

F. H. BROWN

G. W. MACDONALD

1/6/45

M.O.H.

I hereby certify that the within is a true copy of an Original Agreement dated May 1st, 1945, made between His Majesty the King in Right of Canada and Canadair Limited.

P. E. NICHOLS,  
*Supervisor of Dittoed Contracts, Main Pool*

P.C. 4060

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 7th June, 1945.*

The Committee of the Privy Council have had before them a report dated June 7, 1945, from the Acting Minister of Munitions and Supply, representing that, pursuant to the authority granted by Order in Council P.C. 8991 of November 28, 1944, the Minister of Munitions and Supply entered into an agreement with Canadair Limited (hereinafter called "Canadair") under which Canadair undertook to carry out for and on behalf of His Majesty certain operations at a plant owned by His Majesty at Cartierville, Quebec, (said agreement being hereinafter referred to as "the operating agreement");

That, pursuant to Order in Council P.C. 1082 of February 22, 1945, the Minister entered into a further agreement with Canadair under which His Majesty agreed to grant a lease and option to purchase the said plant, to Canadair, the whole subject to various terms and conditions therein set forth and, in accordance with the terms of the said agreement, it has now become void as of the 1st day of May, 1945;

That it is now proposed, subject to the approval of Your Excellency in Council, to enter into a further agreement with Canadair to amend the operating agreement to provide:—

1. That Canadair shall, for and on behalf of His Majesty and as His agent and at His expense and under His supervision and control, take possession of and manage the said plant at Cartierville and carry on therein such work as the Minister of Munitions and Supply may direct or approve;

2. That, for the management of the said plant and the carrying out of the said work, the said agreement will provide that Canadair will be paid the following fees:

- (a) For the completion of work (with the exception of work to be performed by Canadair on DC-4 airplanes) which was uncompleted by Canadian Vickers Limited at the time that the operating agreement went into effect, the fees provided for in the said operating agreement.
- (b) With respect to work performed by Canadair under an Overhaul and Repair contract to be made between His Majesty and Canadair, the fees for which such contract shall provide.
- (c) With respect to all additional work performed by Canadair
  - (i) if such work consist of the production, overhaul, repair or conversion of aircraft or aircraft parts for the use of the Government of Canada for any purpose or for the use of any Allied Government for war purposes, a fee of one per centum (1%) of the estimated cost of such work, as approved by the Minister, exclusive of the cost of jigs and tools, which fee shall, in the event of the actual cost of such work being less than such estimated cost, be increased by five per centum (5%) of the difference between such actual cost and such estimated cost, provided that the said fee shall never exceed one and one-half per centum (1½%) of such estimated cost, and provided further that, should the Minister find that the actual cost has been less than such estimated cost because such estimated cost was based on erroneous information furnished by Canadair, the Minister may at his discretion revise such estimated cost and the fee shall then be based upon such revised estimated cost;



- (ii) if such work consist of any work other than that to which reference is made in the immediately preceding sub-paragraph (i), a fee equal to sixty-five per centum (65%) of the profit, if any, on such work after charging for amortization of the cost of the facilities of His Majesty used in the performance of such work an amount equal to 8¢ per man-hour of direct labour expended in the performance of such work at the plant or three per centum (3%) of the cost of such part of such work as may be performed at the plant, whichever may be the greater, plus such amount as may be agreed upon between the Minister and Canadair covering amortization of the cost of any jigs and tools of His Majesty used in the performance of such work;
- (iii) if Canadair shall undertake any work to which reference is made under sub-paragraph (ii) above on a fixed price basis and any loss occurs, such loss shall be deductible from any fees to which Canadair may be entitled during the financial period of Canadair during which such loss occurs;
- (d) As soon as possible after October 31, 1945, and at the end of each subsequent financial year of Canadair, an audit shall be made by a Cost Accountant appointed or approved by the Minister and the amount of the fees payable to Canadair shall be determined on the basis of such audit; provided that the Minister may from time to time make payments in advance on account of fees;

3. That His Majesty will have the right to terminate the operating agreement at any time and Canadair may at any time following the end of the war terminate the contract by giving His Majesty six months' notice in writing of its intention to do so;

4. That the salaries or other remuneration of the President of Canadair or of any corporate or executive officers who do not devote their full time to the affairs of Canadair will not be allowed as a cost under the agreement;

5. That costs reasonably and properly incurred by Canadair in procuring orders for work to be performed at the plant other than work for His Majesty shall be allowed as costs under the terms of the agreement;

That the funds required for the carrying out of the foregoing shall be provided as in the said operating agreement set forth; and

That the proposed amendment is considered to be fair and reasonable and in the public interest.

The Committee, therefore, on the recommendation of the Acting Minister of Munitions and Supply, advise that the Minister of Munitions and Supply be authorized to enter into the said agreement amending the operating agreement with Canadair Limited accordingly.

A. M. HILL,  
*Asst. Clerk of the Privy Council.*

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Canada, Public Accounts; Standing  
Committee on, 1950

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Government  
Publications

SESSION 1950

HOUSE OF COMMONS

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

THURSDAY, JUNE 15, 1950

FRIDAY, JUNE 16, 1950

WITNESSES:

Mr. H. R. Malley, President and Managing Director, and Mr. K. H. Gray,  
Legal Officer, Crown Assets Disposal Corporation.

Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation), and Mr. Charles  
Gavsie, C.B.E., Assistant Deputy Minister, Department of National  
Revenue.

Mr. W. P. J. O'Meara, K.C., Assistant Under Secretary of State.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., I.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950



# STANDING COMMITTEE

on

## PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.,

*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |  |  |
|-----------------------------------|--|--|
| Anderson                          | Drew                                     | Major                                  |
| Ashbourne                         | Fleming                                  | Maybank                                |
| Balcer                            | Fournier ( <i>Maisonneuve-Rosemont</i> ) | Pinard                                 |
| Beaudry                           | Fulford                                  | Prudham                                |
| Benidickson                       | Fraser                                   | Richard ( <i>Gloucester</i> )          |
| Blue                              | Gauthier ( <i>Portneuf</i> )             | Richard ( <i>Ottawa East</i> )         |
| Boisvert                          | Hansell                                  | Riley                                  |
| Boivin                            | Helme                                    | Robinson                               |
| Brisson                           | Homuth                                   | Sinclair                               |
| Browne ( <i>St. John's West</i> ) | Johnston                                 | Stewart ( <i>Winnipeg North</i> )      |
| Cauchon                           | Kirk ( <i>Antigonish-Guysborough</i> )   | Thatcher                               |
| Cavers                            | Kirk ( <i>Digby-Yarmouth</i> )           | Thomas                                 |
| Cleaver                           | Langlois ( <i>Gaspé</i> )                | Warren                                 |
| Cloutier                          | Larson                                   | White ( <i>Hastings-Peterborough</i> ) |
| Cruikshank                        | Macdonnell                               | Winkler                                |
| Denis                             |  | Wright                                 |
| Diefenbaker                       |  |  |

*Clerk:* A. L. Burgess



## REPORT TO THE HOUSE

FRIDAY, June 16, 1950.

The Standing Committee on Public Accounts begs leave to present the following as its

## SECOND REPORT

Your Committee being of the opinion that the study of Public Accounts can best be pursued by a related consideration of the estimates from which they derive, felt that its work might be facilitated in coming years if it first studied the question of estimates with a view to making certain recommendations that would result in a more thorough study of accounts. It considered that by giving considerable attention to the form of estimates as the source of authority for expenditures over which your Committee has a power of review, it would thereby help to satisfy a demand generally expressed in the House that better facilities be afforded to members to scrutinize the expenditures of public moneys.

Your Committee first asked the Attorney-General, Mr. Watson Sellar, to answer any questions on the report submitted by him to Parliament for the year ending March 31, 1949. Prior to consideration of this report, Mr. Sellar was asked to submit any memorandum he might wish to bring to the attention of the Committee. He did so at our second meeting on April 27.

The principal memorandum of Mr. Sellar dealt with the estimates and was followed by a further memorandum containing, as an illustration of the reforms he suggested, his views as to the presentation of the estimates of the Department of Agriculture.

Four meetings of your Committee were devoted to the examination of Mr. Sellar on estimates and their relation to public accounts.

As the ultimate study of all departmental estimates, before consideration by Treasury Board, is entrusted to certain officials of the Department of Finance, under the direction of Mr. R. B. Bryce, Assistant Deputy Minister of Finance and Acting Secretary of Treasury Board, your Committee considered that this official was the logical person to give them information on which to base an opinion and therefore Mr. Bryce was examined during the course of six meetings. The Deputy Minister of Agriculture, Dr. J. G. Taggart, attended two other meetings together with Mr. Bryce, to answer questions as to his department's views on Mr. Sellar's suggestions concerning the estimates of Agriculture. Mr. B. G. McIntyre, Comptroller of the Treasury, during the course of a meeting, was questioned as to his views concerning Mr. Sellar's memoranda and also gave information to the Committee as to the presentation of estimates prior to the change of procedure effected in 1938, supplementing the information previously given by Mr. Bryce.

Your Committee, therefore, devoted fourteen meetings to the study of the ways in which its work of reviewing public accounts, and the work of the House in reviewing estimates, might best be improved by changes in the form of estimates, and in their presentation to the House, as suggested by the Auditor General.

On this first and important part of its work your Committee wishes to report as follows:

*Form of Estimates*

Your Committee recognizes that the responsibility of the Executive in regard to public moneys extends from the submission to Parliament of the statement of the financial needs of the administration to the expenditure of such sums as have been voted. However, the Committee considers that the form or arrangement of estimates may well be the subject of its comments and suggestions since they have an important bearing on parliamentary control over expenditures which it is one of the functions of the Committee to safeguard. After careful consideration of the evidence received it is of the opinion that its duties in regard to the examination of Public Accounts might be better performed if certain changes were effected as hereinafter suggested.

*Number of Items*

Your Committee does not concur in the suggestion of the Auditor General that the number of items in the estimates be substantially reduced.

It considers that, in certain cases, the lumping under one heading of small items of a similar nature might expedite the consideration of estimates; but a substantially smaller number of items would necessarily mean votes of considerably larger size, giving thereby more leeway to the reallocation of amounts within an item without parliamentary control.

Your Committee is of the opinion that the changes introduced in 1938 were commendable inasmuch as they have increased the amount of information given to Parliament.

It suggests however that a constant review of the subject be carried on by departmental heads and officials of the Treasury Board with a view to bringing into practice any changes that may better facilitate the consideration of estimates by Members and increase the control of Parliament over expenditures.

*Wording of Estimates*

Your Committee is of the opinion that departmental heads should further consult with the permanent officials of Treasury Board to effect a general review of the wording of estimates in order to bring about a more precise and informative description of votes, to clarify the meaning of items that will be part of the Appropriation Bill and to give a better idea to Parliament of the object of each item, thereby more effectively relating items of estimates to those of Public Accounts. Your Committee recommends also the adoption, as far as possible, of similar terms for votes of a similar nature throughout the estimates.

*Details of Estimates*

Your Committee is of the opinion that next in importance to the clarity of the wording of items that are included in the Appropriation Bill stands the advisability of supplying Parliament with sufficient details to enable it to better grasp the aim, object and urgency of the item. It, therefore, suggests that the wording and form of details to be supplied be scrutinized by departmental heads always with a view to increasing rather than decreasing the amount of information at present supplied to Parliament.

Your Committee suggests that its consideration of Public Accounts would be facilitated by a closer relation in the wording of Estimates and Accounts; it also suggests that details should be supplied on a similar basis for all departments.

Your Committee is of the opinion that the information conveyed to the House in the estimates should include all available information on expenditures and estimated expenditures in the previous fiscal year.

*Summary of Estimates*

The inclusion at the beginning of the book of estimates, after the summary of expenditures by departments, as supplied at present, of a summary of estimates by functional classification or by main objects of expenditures has been considered by your Committee to which has been supplied as an example a tentative grouping under thirty headings.

As in the case for the summary supplied at present, this second summary would not constitute something that the House would vote on, but your Committee is of the opinion that such a summary would give valuable information to the House and suggests that the Government should explore the practicability of supplying the House with such a summary by functional classification.

*Revenue Producing Services*

Your Committee agrees with the view expressed by the Auditor General that "Parliament might be in a better position to evaluate the necessity of various estimate items where service income directly associated with expenditures resulting from performing the services". It does not consider, however, that the appropriation, in the case of revenue producing services, should be for the deficiency between cost and income and agrees with the Treasury officials that the difficulty in forecasting revenues for such services, from year to year, might result in a less satisfactory picture being given to Parliament of the net appropriation needed by a department. Your Committee feels that Parliament can secure a more effective control by voting the gross amount needed by these services; but it is of the opinion that when any given service is revenue producing the revenue figures for the past year might be supplied in the estimate book so that Parliament may have an opportunity to see the net cost of that service for the preceding year.

*Vote Texts that legislate*

Your Committee is of the opinion that, while it is impossible to do away entirely with the practice of legislating by means of items in the Appropriation Act, such a procedure should be resorted to as rarely as possible and only to meet a temporary emergency.

In order to do away with such practice, if hitherto carried on over a number of years for a particular purpose, your Committee recommends that appropriate legislation be enacted.

Your Committee has also taken note of item 67 of the Estimates of 1950-51 which reads as follows:

67. To authorize the use during the fiscal year 1950-51 in payment for the acquisition, improvement or furnishing of properties for Canadian Government offices and residences in foreign countries of inconvertible foreign currencies from deposits of such currencies which may be used only for governmental or other limited purposes in these countries and which have been received by the Government of Canada from other governments in settlement of claims arising out of military operations or war expenditures, \$1.

Your Committee has heard evidence on this subject from the Secretary of Treasury Board and the Comptroller of the Treasury, and has been acquainted with the memorandum submitted to the Committee on External Affairs by the Secretary of State for External Affairs. Your Committee is satisfied that in the particular circumstances involved the Department was justified in adopting the method it did to acquaint Parliament with its projects for utilizing in the best possible way funds frozen abroad in foreign currencies; inasmuch as the exact amounts involved were not known and were regulated by the possibility



of collecting them. Your Committee is of the opinion that such a method should be resorted to as rarely as possible but it feels that this question of undeterminate frozen assets constituted an abnormal situation and that through Item 67 Parliament's approval was sought and an opportunity given so that the appropriate explanations could be given by the head of the department involved; and that such a procedure was an advisable expedient suggested by Justice and Treasury officials in these special circumstances.

#### *Committee on Estimates*

The sums needed to carry on the administration are made known by the Government to the House in the estimates and under the present system opportunities to examine them are afforded Members in the Committee of Supply. Whether this method of scrutinizing the supply requested by the Government is sufficiently effective has been the concern of Parliamentarians over a number of years and it has been the subject of consideration by the Committee on Public Accounts in 1944 and in 1947. As was to be expected, considerable differences of opinion have prevailed up to this moment on the matter.

In 1944, the Committee concluded that it did "not think it would be advisable to change the present system", while in 1947 the Committee was "of the opinion that the Government should explore the desirability of establishing a Standing Committee on Estimates".

Your Committee has again this year considered ways to make effective as well as practical the scrutiny of estimates by the House. Although witnesses appearing before your Committee have refrained from recommending the establishment of a Committee on Estimates and have even pointed to some of the dangers of doing so, this question has been the object of much attention on the part of your Committee.

The practice followed in this regard at Westminster has been to deal with estimates at the same time in the Committee of Supply and in the Committee on Estimates, the latter mainly considering the estimates with a view to suggesting changes or improvements for the next year, and reporting to the House on certain items, oftentimes after these items have been already approved by the House. This method would not, in the opinion of your Committee substantially improve the system we follow at present. Your Committee further considers that it is of vital importance to our system of responsible government not to take any steps that might contribute to decrease the sense of ministerial responsibility and increase the already too large influence and power of bureaucracy, which might well be the result of generalizing the practice of going down to the civil service for information we have a right to expect from the member of the Cabinet responsible for the administration of a department, or from his Parliamentary Assistant. Your Committee is of the opinion that the ministerial head of a department is the only person accountable for the policies implied in the items of estimates. Whether this person or his Parliamentary Assistant should be accountable to a Committee on Estimates before they are made to appear before the Committee of Supply is debatable but your Committee does not consider that this procedure would materially improve the existing situation. The object to be aimed at is a thorough and practical examination by the House of the policies underlying the estimates of expenditures and as to these policies and the sums necessary to carry them out, your Committee is of the opinion that the proper person to give information is the Minister in charge of the Department or his Parliamentary Assistant.

Your Committee is of the opinion that in order that adequate consideration be given to Supply it would be highly desirable for the Estimates to be studied by the House at a much earlier date in the Session than has heretofore been done. The tabling of the estimates at the very outset of the session as was done this

year is a commendable step in the right direction. Your Committee considers that the possibility of calling the estimates as soon as possible after they are tabled in the first days of a session might be further explored by the Government and that consultation might be held with leaders of opposition parties with a view to reaching an agreement on methods that might expedite the study of estimates. Your Committee suggests that consideration be given to setting aside certain days in each week, immediately after the Address is voted, for the study of estimates by the Committee of Supply.

#### *Public Accounts Committee*

The normal way for Parliament to investigate whether the Executive has wisely spent the sums voted in the Estimates is through the Public Accounts Committee. This Committee can provide a check on the expenditures of public moneys if it is made operative each year and avails itself of the authority granted to it by the rules of the House.

Your Committee is of the opinion that the examination of past expenditure is one of the best means of informing the House of Commons how to scrutinize and criticize expenditures proposed in the estimates.

Expenditures are checked by the Comptroller of the Treasury before payment are effected; they are checked by the Auditor General after the moneys are disbursed. Your Committee provides the control by the House over the expenditures reported to it by these two officials and deals with actual ascertained expenditure.

Your Committee possesses no direct power except that of investigation by calling for documents and witnesses, and that of reporting to the House. However it can have a beneficial effect on the control of public expenditure through the publicity which it is able to give to the questions it investigates by the publication of the evidence supplied to it. It is of the opinion that it can render valuable service if it is assembled each year.

Your Committee is therefore of the opinion that, at the start of each session, as soon as the Standing Committees have been selected according to Standing Order 63, the Report of the Auditor General and the Public Accounts of Canada should be expeditiously referred to the Public Accounts Committee.

Your Committee wishes to express its appreciation for the help and co-operation given to it on this part of its work by Messrs. Watson Sellar, C.M.G., Auditor General, R. B. Bryce, Assistant Deputy Minister of Finance, and B. G. McIntyre, Comptroller of the Treasury, and Dr. J. G. Taggart, C. B. E., Deputy Minister of Agriculture.

A copy of the minutes of proceedings and evidence up to and including May 25th is appended hereto.

All of which is respectfully submitted.

L. PHILIPPE PICARD,  
*Chairman.*





## MINUTES OF PROCEEDINGS

THURSDAY, June 15, 1950.

The Standing Committee on Public Accounts met at 10 o'clock a.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Benidickson, Blue, Boivin, Cauchon, Croll, Cruickshank, Drew, Fleming, Fournier (*Maisonneuve-Rosemont*), Fulford, Fraser, Gauthier (*Portneuf*), Hansell, Helme, Kirk (*Digby-Yarmouth*), Johnston, Langlois (*Gaspe*), Larson, Major, Picard, Pinard, Prudham, Richard (*Gloucester*), Riley, Thomas, Winkler.

*In attendance:* Mr. H. R. Malley, O.B.E., President and Managing Director of Crown Assets Disposal Corporation, Mr. K. H. Gray, Legal Officer, Crown Assets Disposal Corporation; Mr. V. W. Scully, C.M.G., Deputy Minister (Taxation), and Mr. Charles Gavsie, C.B.E., Assistant Deputy Minister, Department of National Revenue; Mr. W. P. J. O'Meara, K.C., Assistant Under Secretary of State.

The Chairman tabled a letter dated June 14, 1950, addressed to him by Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development, containing certain information regarding a contract with Western Construction and Lumber Company Limited of Edmonton, which is printed as *Appendix A* to this day's minutes of proceedings and evidence.

The Committee resumed consideration of the accounts of War Assets Corporation.

Examination of Messrs. Malley, Scully and Gavsie was continued.

Messrs. Scully and Gavsie retired.

Mr. O'Meara was called and questioned.

Mr. O'Meara tabled certified copies of the following documents which are printed as appendices to this day's minutes of proceedings and evidence:

*Appendix B:* Letters Patent incorporating Canadair Limited, dated 3rd October, 1944;

*Appendix C:* Supplementary Letters Patent to Canadair Limited, confirming By-law 19 of the Company increasing its capital stock, dated 3rd February, 1947;

*Appendix D:* Financial Statements of Canadair Limited as at 31st October, 1945, and Auditor's Report of Canadair Limited for the period from 31st October, 1945, to 14th September, 1946.

At 11 o'clock a.m. the Committee adjourned until 11.30 o'clock a.m. this day.

The Committee resumed at 11.30 a.m.

Examination of Mr. O'Meara was continued.

Mr. O'Meara tabled certified copies of the following documents which are printed as appendices to this day's minutes of proceedings and evidence:

*Appendix E:* Supplementary Letters Patent to Canadair Limited in pursuance of Special By-law "A" of the Company amending and varying the provisions of its letters patent, dated 8th May, 1947;

*Appendix F:* Supplementary Letters Patent to Canadair Limited confirming By-law 29 of the Company altering its capital stock, dated 13th December, 1948.

Mr. O'Meara undertook to furnish certified copies of the following documents which the Committee ordered to be deemed tabled and printed as appendices to this day's minutes of proceedings and evidence, and which he later filed with the Clerk of the Committee, viz:

*Appendix G:* By-law 16 of Canadair Limited;

*Appendix H:* Extract from By-law 3, Article 1, of the By-laws of Canadair Limited;

*Appendix I:* Correspondence between the Department of the Secretary of State and Messrs. Ilsey, Duquet and MacKay re amendment of Letters Patent, Canadair Limited.

Mr. O'Meara retired.

Mr. Gray was called and questioned.

Mr. Malley tabled a copy of an agreement between His Majesty the King in right of Canada and Canadian Exploration Limited, dated January 15, 1947, which is printed as Appendix J to this day's minutes of proceedings and evidence.

Messrs. Malley and Gray retired.

Messrs. Scully and Gavsie were recalled, questioned and retired.

Mr. Drew moved that Mr. H. O. West, President, Canadair Limited, be called before the Committee as a witness.

And the question having been put on the said motion, it was negatived.

At 1 o'clock p.m. the Committee adjourned until 2.30 o'clock p.m. this day.

#### AFTERNOON SITTING

The Committee resumed, in camera, at 2:30 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Benidickson, Blue, Boisvert, Cauchon, Cavers, Croll, Cruickshank, Denis, Fleming, Fulford, Fraser, Helme, Kirk (*Digby-Yarmouth*), Langlois, (*Gaspé*), Larson, Major, Picard, Prudham, Richard (*Ottawa East*), Robinson, Stewart (*Winnipeg North*), Thatcher, Winkler.

The Committee resumed, from Tuesday, June 13, consideration of a draft of its second report to the House.

Mr. Fleming moved that paragraphs 23 and 24 of the report as drafted, be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Fleming moved that the report, as drafted, be amended by deleting the second sentence of paragraph 27, which is as follows:—

Although witnesses appearing before your Committee have refrained from recommending the establishment of a Committee on Estimates and have even pointed to some of the dangers of doing so, this question has been the object of much attention on the part of your Committee.

After discussion, and the question having been put, on the said motion, it was negatived.

Mr. Fleming moved that paragraph 28 of the report, as drafted, be deleted and the following substituted therefor:—

Your Committee recommends that the House appoint a Standing Committee on Estimates.

After discussion, and the question having been put on the said motion, it was negatived.

The report, as amended, was adopted and the Chairman ordered to present it to the House forthwith.

The Committee adjourned at 3:17 o'clock p.m. to meet at the call of the Chair.

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FRIDAY, June 16, 1950.

The Standing Committee on Public Accounts having been called for 10 o'clock a.m., at 10:16 o'clock a.m. the following members were present: Messrs. Benidickson, Fulford, Fraser, Macdonnell, Picard, Prudham, Richard (*Ottawa East*), Winkler.

There being no quorum present, the Chairman, at the suggestion of Mr. Macdonnell, postponed the meeting until Tuesday, June 20, at 10 o'clock a.m.

A. L. BURGESS,

*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 15, 1950.

The Standing Committee on Public Accounts met this day at 10:00 a.m.  
The Chairman, Mr. L. Philippe Picard, presided.

**Mr. V. W. Scully, Deputy Minister of Taxation, recalled:**

The CHAIRMAN: Gentlemen, I see a quorum. Before we start our work, I would like to table a report from Mr. Gibson, Director of the Development Service Branch of the Department of Resources and Development, which he promised to supply to the committee, concerning the contract with the Western Construction Company of Edmonton. I table that report now as appendix A.

(See appendix A)

Are there any questions?

*By Mr. Drew:*

Q. Mr. Chairman, I think a number of matters came up yesterday concerning which Mr. Scully was going to obtain some information.—A. I am in a position to answer all the questions.

Q. Let us hear what you have. I think that would be the simplest way.—A. Shall I read out what I have?

Q. Yes. That would simplify it.—A. The first question concerned capital expenditures. I got these figures from the Public Accounts. At November 11, 1944, the cost of the plant including buildings and equipment, but excluding tools, was \$5,801,208.96. The expenditures during the period November 11, 1944 to September 14, 1946 were \$2,187,900.37, making a total cumulative cost as at the 14th of September 1946 of \$7,989,109.33. On tooling the total expenditures between November 11, 1944 and September 14, 1946 were \$10,836,668.33; and there was expended and included between September 14, 1946 and March 31, 1947 the sum of \$3 million.

Q. Yes?—A. The next question concerned the price and the date of purchase of the so-called Oklahoma materials. The laid down cost of the materials was \$1,392,000. They were purchased between November 1945 and the middle of 1946. It was estimated that these materials averaged \$1.14 per pound laid down in Montreal. The materials were C-47, that is DC-3 parts and tooling.

The Chicago materials laid down cost was \$3 million. It was estimated that these materials averaged 20 cents per pound. Included in the Chicago materials were what was estimated as \$1 million DC-4 tooling. That \$1 million was removed from the inventories and included in the figure, which I quoted a moment ago, for the tooling costs incurred prior to the 14th of September 1946. These materials were C-54 or DC-4 materials.

*By Mr. Croll:*

Q. What was the date of the Chicago purchase?—A. They were purchased in the early part of 1946.

Q. And the Oklahoma purchase was from November 1945 to the middle of 1946?—A. Yes, the first half of 1946.

Q. Please go on.—A. In respect to the above it is impossible to compute what remained on hand at September 14, 1946. Parts had been sold or scrapped or embodied in work—in-process. The materials had been only partially sorted. That is, usable items had been picked out and had been binned or otherwise classified. So there were large quantities of miscellaneous items on hand which it was impossible to classify at that time.

In the next question I was asked to produce written instructions, if any, regarding negotiations with the Electric Boat Company. I find no written record of instructions regarding negotiations prior to the letter of the minister of January 20, 1947 which has been tabled.

The next question I have read: "Was the property offered for sale to any other aircraft plant?" I can find no record of this property having been offered to any party other than Canadair.

The next question was: "Were there any written instructions to Franklin to arrange a sale of Canadair?" I can find no record of written instructions to Mr. Franklin to arrange a sale of the project to any one. Those are the questions which I have noted down.

*By Mr. Drew:*

Q. From the time you were given instructions in September of 1946 to carry forward negotiations with the Electric Boat Company in connection with this plant, am I to take it that there were no written communications of any kind up to January 1947?—A. Not so far as I can determine.

Q. It was all done verbally between Hopkins and the department. Could you find any memorandum in regard to the nature of the negotiations which took place?—A. No, sir.

Q. During that period, Mr. Scully, were you brought in touch with Mr. Franklin?—A. Franklin was not involved in the discussion in any way so far as the department was concerned. There were no discussions of any kind with Mr. Franklin.

Q. The reason I ask is that a perfectly simple statement has been made public on different occasions, that he had been seeking purchasers. But so far as you know that was not done at that time?—A. No, not at that time.

Q. At the time you were called upon to carry forward these negotiations from September 1946 on, was it on the basis that this transaction had in fact been arranged, and it was simply a case of your working out the details?

The CHAIRMAN: Are we not getting into relations between a minister and his deputy minister? I do not think that comes within our authority.

*By Mr. Drew:*

Q. No, Mr. Chairman, I simply asked about the basis under which they proceeded.—A. I think the basis was that the Boat Company had a financial interest in Canadair. That is the position.

Q. It had nothing to do with the ownership of the aircraft plant?—A. No.

Q. What I am really concerned about is the sale of the aircraft plant and that is the reason I asked the question as to the basis on which these negotiations proceeded. Did they proceed at that time—I am putting it on this basis—did they proceed on the basis that you were to carry forward the negotiations and complete arrangements for the sale of the property to Electric Boat Company?—A. You mean Canadair?

Q. No, Electric Boat Company, and I think it was Hopkins of the Electric Boat Company who was dealing with you in regard to the plant?—A. That is right.

Q. That is what I am asking.—A. He also was an officer of Canadair.



Q. Then there is no difficulty on that score. The transaction with the Electric Boat Company was in regard to the property. They were acquiring stock in Canadair at the same time—the management company—and negotiations were going forward for the sale of this plant and property to the Electric Boat Company. The other arrangement was one that was worked out as part of the transaction.

Mr. CROLL: It doesn't say that.

*By Mr. Drew:*

Q. Mr. Scully, I understood you to say that you were following up the matter. Did you say that from the 10th of September until the transactions were completed that you had no dealings with Mr. Franklin?—A. Correct.

Q. Do you know at what time Mr. Franklin ceased to be president of Canadair?—A. No sir.

Q. Then why do you say that Mr. Hopkins was an official of Canadair at that time?—A. I can't see the relationship between the two things.

Q. You just made the statement and I was interested— —A. I said that Mr. Hopkins probably took over.

The CHAIRMAN: The statement of the witness is clear. He has told you all he knows about this transaction, all that he knows of his own personal knowledge.

*By Mr. Drew:*

Q. Were you informed, or did the fact have any part in your discussions, that the capital of Canadair would be increased; or, rather, that the number of shares of Canadair were being increased during that period?—A. No sir.

Q. And you were not in any way brought into touch with any of these transactions?—A. No.

Mr. DREW: I might just ask Mr. Gavsie if he was interested.

Mr. GAVSIE: In what transaction?

Mr. DREW: In regard to the change in the amount of the capital.

Mr. GAVSIE: Do you mean as far as Canadair is concerned?

Mr. DREW: Yes.

Mr. GAVSIE: No. We had nothing to do with it directly, it was a private corporation. We had nothing to do with it and would know nothing about the shareholdings of Canadair.

Mr. DREW: I realize that, so you cannot speak of your own knowledge?

Mr. GAVSIE: The only thing we had were the representations made by the Electric Boat Company that they had arranged to acquire one hundred per cent of the shares, or substantially all the capital stock of Canadair Limited. That is in the letter of January 20th which I read yesterday. That is the representation that was made to the minister and passed on to us and is in the minister's letter to the Electric Boat Company. The dealings were with the Electric Boat Company on the basis that they had arranged to acquire Canadair and they were speaking on behalf of Canadair and the Electric Boat Company.

Mr. DREW: Do you know anything about the present set-up of Canadair?

Mr. GAVSIE: No.

Mr. DREW: That did not come into the transaction in any way?

Mr. GAVSIE: No.

Mr. DREW: It was not like a transaction, for instance, in the present set-up where the company is a private company—

Mr. GAUSIE: The only part that we were interested in was that a corporation called the Electric Boat Company agreed to provide Canadair Limited with \$2 million working capital forthwith, but we were concerned with the fact that if that working capital was advanced by way of loan to Canadair that proper provision should be made in the contract, it should be an express condition, that the repayment thereof to the Electric Boat Company would not be made unless and until the amount provided to be paid to His Majesty had been paid in full so that there would be no possibility of anyone withdrawing that amount until the claims of His Majesty had been settled.

Mr. DREW: A question was asked a few days ago by someone else and I gathered from the answer you gave it was regarded as desirable that in the continued operation of this government-owned plant that it should be operated by a very large organization having what might be called know-how and skill.

Mr. GAUSIE: I would not attempt to be able to make that decision, but I read it in the statement made by Mr. Howe. That is a matter of policy upon which I have no opinion to express.

Mr. DREW: You will recall that there was an exchange in regard to the importance of industrial know-how and skill. And, for that reason, in view of the fact that the company was not actually purchased until October of 1949 I am interested to know whether the department had any information as to how the business had proceeded, as to whether they had a check on statements of the Electric Boat Company in relation to its activities or not. Do you know of any records of that nature?

Mr. GAUSIE: No. Incidentally, I left the department in February of 1948, so certainly for that period I would not be in a position to give you any information.

Mr. CROLL: When did Mr. Scully leave the department?

The WITNESS: At the same time.

Mr. GAUSIE: January 31st, 1948.

Mr. DREW: You see, one of the reasons I asked that is because I have before me the printed annual report of the Electric Boat Company for 1948 in which it speaks of sales and says, the consolidated net sales for 1948 (this is the Electric Boat Company) reached \$54,558,099, of which \$41,784,000, or 76.4 per cent was derived from the earnings of Canadair Limited, the Electric Boat Company's Canadian subsidiary. Are you aware that that was the relationship between the scale of business being done by this Canadian subsidiary and the parent company?

Mr. GAUSIE: No. I can only speak from hearsay. I had knowledge in a general way that Canadair had obtained the B.O.A.C. order. I can't tell you the details. I am speaking from what is really hearsay at the moment.

Mr. DREW: I am just pointing out the rather significant fact that over three-quarters of the earnings by Electric Boat Company in 1948 were derived from the operations of what is referred to in their annual report as their Canadair subsidiary, and I want to know whether you knew that that amount of business was carried on this property which had been government property in Cartierville. Well then, Mr. Chairman, in view of the fact that we are not in a position to ask anyone in connection with Canadair in regard to this, because Mr. Franklin obviously would be the man who could tell us that—

The CHAIRMAN: That is a matter of opinion. We have here two witnesses who were involved in those transactions so far as the government is concerned and they are still at your disposal.

Mr. DREW: I am speaking of Canadair, and I would point out again that the annual statement of the operations of Canadair covering the period showed that certain profits were made from contracts they had with the government.

The CHAIRMAN: No, they were estimated in their annual statement.

Mr. CROLL: Yes, they were hoped for, estimated.

The CHAIRMAN: Estimated and hoped for, yes.

Mr. DREW: But that is the way they are set out here in this audited statement of the affairs of that company.

The CHAIRMAN: Well, it seems that we are both giving evidence.

Mr. DREW: I would point out that these are records in the Department of the Secretary of State from which I am reading.

Mr. CROLL: Perhaps the chairman or Mr. Drew could give evidence. Might I ask that that statement be filed?

The CHAIRMAN: Which statement?

Mr. CROLL: The one to which Mr. Drew is referring.

Mr. DREW: This is on file in the Department of the Secretary of State. I would ask, Mr. Chairman, instead of my producing it that the Secretary of State be requested to produce from his records all Canadair documents.

Mr. CROLL: No, no, that can be properly presented now, I suggest.

The CHAIRMAN: Since Canadair is a private company the Secretary of State or his officials could produce it.

Mr. CROLL: That is not what I had reference to. I am speaking about the audited statement. I think there is some form or statement there to which Mr. Drew made reference yesterday, a statement prepared for Canadair which was made up from the books and wording papers of this company. Mr. Drew made reference to that document in his statement yesterday and I am now asking that he produce and file it and then we can deal with it. I do not know whether the Secretary of State has it or not. I know that Mr. Drew has it before him and I think he should produce it.

Mr. DREW: I am pointing out that it can better be obtained from the Department of the Secretary of State. It is a public document and is available to anyone who wishes to go there and refer to the records of the Secretary of State.

Mr. CROLL: No, no, you said that this was sent to the company with a letter, that it was a statement made to the directors of the company.

Mr. DREW: What I said was this: it was a copy of a letter sent to the directors, but the statement is one that is filed in the ordinary course of events by Canadair and it is on file in the Department of the Secretary of State.

The CHAIRMAN: You mean that letter to the directors?

Mr. DREW: Yes, with the letter to the directors.

Mr. CROLL: But you said it was a signed auditors' statement.

Mr. DREW: Yes, it is an auditors' statement, prepared by Haskell, Elderkin and Company for the board of directors and that is the one which is on file in the Department of the Secretary of State.

Mr. CROLL: Mr. Drew did not say that yesterday, I think; he now says that but he didn't say that yesterday. Yesterday he said that it was a statement which had been prepared for the board of directors of Canadair.

Mr. DREW: I did not. I said this: the chairman asked me if this was signed, and I said it had been sent to the directors and I gave the date and mentioned the company; and that letter is a letter which is on file with the Department of the Secretary of State for a perfectly normal and simple reason and that is



that Canadair at that time was not a private company, it was a public company and it continued to be a public company until this transaction took place with the Electric Boat Company.

Mr. CROLL: You did not say that yesterday.

Mr. DREW: Of course not.

The CHAIRMAN: Well then, gentlemen, we will have an official from the Department of the Secretary of State see if he can find that document and have him appear before the committee to produce it.

Mr. DREW: And I will be very glad to have all the documents they have.

The CHAIRMAN: If it is a public document the Department of the Secretary of State will produce it. We will ask them to produce it.

Mr. CROLL: In the meantime possibly we could have the document referred to filed with the committee so that those of us who are interested may have an opportunity of looking at it. I think in the light of all the questioning that has been going on we should have a look at it at the earliest possible moment.

Mr. DREW: We will get that, of course, from the proper official of the Department of the Secretary of State.

The CHAIRMAN: The main point is about this estimated profit of some \$700,000 odd, and that has been answered by the officials now before us who said that that amount was waived and was never paid to the company. However, we will have the officials of the Department of the Secretary of State produce the documents.

Mr. CROLL: The difficulty is that we already have one of those statements, one of the audited statements, read and referred to in the committee by Mr. Drew. I would like to have an opportunity of looking at it just to see what is in it.

The CHAIRMAN: Are you finished with this witness?

Mr. DREW: Yes, that is all I have on this point.

The CHAIRMAN: Mr. Scully has asked that he be released at the earliest possible moment because his departmental administration has of necessity been neglected while he has been here. If you are through with him we will permit him to retire, and before he does so I would like to express our thanks for his co-operation and that of Mr. Gavsie.

Mr. GAVSIE: May I retire also, Mr. Chairman?

The CHAIRMAN: Yes, I think we are through with you for the present.

Now we have an official from the Department of the Secretary of State.

**Mr. William P. J. O'Meara, K.C., Assistant Under Secretary of State and Advisory Counsel, Department of the Secretary of State, called:**

The CHAIRMAN: We have with us, gentlemen, Mr. William P. J. O'Meara, K.C., Assistant Under Secretary of State and Advisory Counsel to the Department of the Secretary of State. He is your witness, Mr. Drew.

*By Mr. Drew:*

Q. Mr. O'Meara, you have the file of Canadair with you?—A. Yes sir.

Q. And Canadair was incorporated on what date?—A. On the 1st of October, 1944.

Q. With what capital?—A. It was incorporated under part I of the Companies Act and it provides for an authorized capital of 10,000 shares without nominal or par value.

Q. Yes.—A. With a maximum aggregate consideration of \$10,000, or such greater amount as the directors may deem expedient and as may be consented to

by the Secretary of State for Canada on payment to the Secretary of State of the proper fees. That is the normal provision with respect to companies of this kind.

Q. Yes. Then at the time the company was to file returns in the ordinary way?—A. Yes.

Q. In other words it was a public company at that time?—A. That is right.

Q. And it continued to be a public company until what time?—A. Supplementary letters patent creating it a private company were issued on the 8th of May, 1947.

Q. Then on the 8th of May, 1947 it became a private company and it was then no longer called upon to file financial statements with the department?—A. That is right.

Q. And for that reason since that time you have no financial statements relating to Canadair?—A. That is right.

Q. But you did receive statements before that date?—A. There were two such statements filed under section 170 of the Companies Act.

Q. Can you produce copies of those statements?—A. I have copies of them here duly certified.

Q. What are the dates of the ones you have?—A. The first was filed as of October 31, 1945 and it was filed with the department on the 12th of July, 1946.

Q. Yes.—A. And the second one covered the period October 31, 1945 to September 14, 1946.

Mr. CROLL: Filed on what date?

The WITNESS: Filed on the 12th of May, 1947.

*By Mr. Drew:*

Q. And the first one covered the operations of the company for what period?—A. It purports to be as of the 31st of October, 1945.

Q. Is that under the heading of a chartered accountants' firm?—A. It was material submitted with a letter,—I have a copy of the letter here,—from Haskell, Elderkin and Company, dated the 15th of May, 1946.

Q. Yes, and in that letter there is a figure, accounts receivable—dominion government \$669,705.87.—A. That is a copy of one of the paragraphs, that is right.

Mr. CROLL: Mr. Chairman, I take objection to the form of the question. I think Mr. O'Meara has to produce the document and the document can speak for itself. I do not think it is for him to interpret or read the document, that that is as far as he can go.

Mr. DREW: I am asking, Mr. Chairman, that a copy be filed with the committee.

Mr. CROLL: Yes, we should have it for the record.

The CHAIRMAN: That will be filed and will appear as appendix "D" to today's proceedings.

*By Mr. Drew:*

Q. Now, Mr. O'Meara, there was a change in the capital structure of Canadair and in connection with that was a balance sheet filed with your department showing under the heading of Canadair Limited as at the 14th of September, 1946 any classification of crown assets?—A. No, there would be no requirement for them to file a balance sheet in connection with this increase in capital.

Q. No, this was the presentation of a balance sheet prepared by the company.—A. There were only the two, the date of which I mentioned and of which certified copies have been produced.

Q. You have the report of this company for the period from the 31st of October, 1945 to the 14th of September, 1946, have you?—A. Yes, that is included in the material which has been filed.

Mr. LARSON: Has it ever been asked how many thousands of claims such as this were made at the termination of the war?

The CHAIRMAN: No such question has been asked.

Mr. LARSON: The answer would be interesting.

Mr. DREW: I do not mean to pursue the question because the balance sheet I was referring to is amongst the documents now filed.

*By Mr. Fleming:*

Q. I have one question. It is in connection with the consideration provisions in the Letters patent. Do I take it, Mr. O'Meara there was no increase authorized at any time subsequent to the issue of the Letters patent?—A. Well the capital was increased by supplementary letters patent.

Q. But until the date of the supplementary letters patent was there any?—A. No.

The CHAIRMAN: Have any other members of the committee questions to ask Mr. O'Meara while he is here?

Mr. FRASER: Yesterday the witness said it was a private company when it was taken over.

The CHAIRMAN: No, no, it was a company privately owned, with private capital in it.

Mr. FRASER: Well today it is said that it did not become a private company until May of 1948.

The CHAIRMAN: Within the meaning of the Companies Act it was not a private company. I meant yesterday that the capital employed was not government capital or public money. They operated and managed government property. The property administered belonged to the government.

Mr. DREW: In view of that conversation I want to get it quite clear from Mr. O'Meara, and I am only asking from a strictly departmental point of view, in relation to a company described as a private company in the departmental meaning there is this distinction. Until a company becomes a private company it must file an annual statement showing its annual financial operations and then when it becomes a private company it does not file those returns.

The WITNESS: That is correct. Section 117 of the Companies Act provides in the case of the company not being a private company that the balance sheet and specified documents should be distributed to the shareholders and filed with the department not less than fourteen days prior to the annual meeting.

A private company is defined in the Act as one having three attributes.

The CHAIRMAN: What is the exact difference between a private company and a public company?

The WITNESS: A private company is defined as one with respect to which there is some restriction on the right to transfer shares. The nature of the restrictions may vary, in which case it is disclosed in the letters patent. The second thing is that the number of shareholders is limited to fifty, not including employees. The third attribute is that any invitation to the public to subscribe to any shares or debentures of the company is prohibited. Those are the three attributes of a private company.

The CHAIRMAN: And a public company?

The WITNESS: A public company is all the rest.



The CHAIRMAN: A public company is not a company that has public capital or government capital?

The WITNESS: Within the definition of the statute that question does not arise.

*By Mr. Drew:*

Q. I think perhaps in view of the fact that I did not realize until I examined them that you certified copies, if you have other certified copies available, then it would bring in the record in a simple form what is available only by search. Have you certified copies of the letters patent of October 1944?—A. I have; letters patent dated the 3rd of October 1944.

(See appendix B.)

Q. Then you have handed over the auditor's report to the shareholders under date of October 1st, 1945. Have you a copy of the certification increasing the number of directors?—A. I do not know if I have certified copies. I have the by-laws as filed but I could have copies prepared.

Q. You could have a copy of them made.—A. What particular by-law have you in mind—the one increasing the directors as of what date?

Q. That declaration is made on the 11th day of October 1946?—A. I will make sure it is on file if I may, before you proceed. Yes, by-law 16, filed on the 15th of October, 1946, increased the number of directors from five to six.

Q. By-law number 16 is the one.—A. Yes, sir, I will have it copied.

Q. I do not know whether you have certified copies but you have a record of the by-law and application to provide for increased capital of two million shares?—A. I have a certified copy of the supplementary letters patent dated the 3rd of February, 1947, effecting the increase.

Q. Have you a copy of the certification of by-law increasing the number of directors from six to twelve?—A. I have not a copy with me but I will have one prepared.

Mr. CROLL: It might be interesting for the committee to know what is contained there. I am not asking this of Mr. O'Meara but in this report and the financial statement to which Mr. Drew refers there is a footnote which reads:

We are informed that at 31st October, 1945, final costs had not been ascertained for any contract, and that the profits have been taken into account on the basis of estimates made by the company. Such profits, however, are subject to the approval of the dominion government upon final audit:

The CHAIRMAN: That is contained in the document which Mr. Drew read?

Mr. CROLL: Yes; that appears in the certified copy of a letter attached to it from Haskell, Elderkin and Company.

Mr. DREW: Well, I was asking what the contracts were and we were not able to obtain that information?

The CHAIRMAN: I would like to get the question correctly.

Mr. DREW: The contract referred to in the statement,—you will recall I was asking Mr. Scully if he was aware of the details in the statement and he obviously was not.

The CHAIRMAN: I do not think it is fair to say that, because Mr. Scully states that at the time when that report was made no profits had been assessed. No figure had been arrived at by the company and the government. This was just an assessment by the company and that is verified by what Mr. Croll says.

Mr. DREW: The record will disclose the situation.

The CHAIRMAN: I will rely on the record myself.

Mr. DREW: Then Mr. O'Meara, you will have certification of the by-law with the papers covering that?

The CHAIRMAN: We cannot hear what you are asking, Mr. Drew.

Mr. DREW: Have you with you, or can you obtain a copy of the auditor's report showing the balance sheet of the company as of December 14, 1946?

The WITNESS: Yes.

The CHAIRMAN: We had better adjourn until 11.30.

Mr. FLEMING: Have the supplementary letters patent gone into the record?

The CHAIRMAN: Yes. We shall adjourn until 11.30 a.m.

Upon resuming:

The CHAIRMAN: Gentlemen, I see a quorum. Are there any more questions to be asked of Mr. O'Meara?

*By Mr. Drew:*

Q. Mr. O'Meara, have you the by-laws and application for supplementary letters patent changing Canadair from a public to a private company?—A. I have, sir.

Q. Will you file them, please?—A. Very well.

Q. Have you the by-laws and application for supplementary letters patent providing for new share qualifications?—A. I have.

Q. Will you file them as well?—A. Very well.

Q. There are three letters dated December 11, 15, and 17, 1948, an exchange of letters between yourself and the firm of Ilsley, Duquet and MacKay in connection with this re-organization?—A. What are the dates again, please?

Mr. CROLL: December 11, 15, and 17.

*By Mr. Drew:*

Q. There is a letter addressed to the Companies branch by the firm of Ilsley, Duquet and MacKay dated December 11.—A. 1948?

Q. 1948. There is a letter of December 17?—A. Yes.

Q. And a letter of December 15. The letter of December 15 was one addressed by you to that firm in connection with this transaction.—A. Yes, I have that one of December 17.

Q. That is right.—A. I shall have to procure copies together with copies of the by-laws. I shall do that this afternoon.

The CHAIRMAN: Are there any further questions?

(See appendices E and F)

*By Mr. Drew:*

Q. Have you copies of those letters on file here now?—A. I have the original letters from Ilsley, Duquet and McKay and the copy of my letter on the departmental file.

Q. Then the letter of December 11 to which I referred explains to the department the new arrangement. That is one of the ones that you will be filing?—A. That is correct, sir.

Q. Would you file also the last report which gives the allocation of these shares?—A. I have the annual summary as of March 31, 1950 which indicates the amount of paid-up capital, not of course the allocation of shares. We have no information as to whom the shares were allocated.

Q. Have you not a summary of March 31, 1949 as well?—A. That is right.

Q. Does that not give the allocation of shares?—A. It indicates the proportion of common shares, on the one hand, and employees' and directors' shares on the other hand, but not those to whom they were allocated, of course.

Q. Have you not a declaration showing to whom they were allocated?—  
A. No, I do not think that is information which is at the department.

*By the Chairman:*

Q. Is that information that the department according to the law is bound to have?—A. No. It has never been a requirement of the Company's Act.

*By Mr. Drew:*

Q. May I see the last one?—A. Here are the annual summaries for 1949 and 1950; which is the latest.

Q. That is all I have.

The CHAIRMAN: Are there any further questions from Mr. O'Meara? The committee appreciates your cooperation, Mr. O'Meara.

The WITNESS: Thank you.

The CHAIRMAN: What is the next item?

Mr. DREW: Mr. Malley.

The CHAIRMAN: With respect to the same matter?

Mr. DREW: Yes.

**Mr. H. R. Malley, President and General Manager, Crown Assets Disposal Corporation, called:**

*By Mr. Drew:*

Q. Now, Mr. Malley, you have been sitting here, you have heard the evidence given, and you know about it. You have heard a description of the way the transaction was carried out. You have also heard it explained that this property was declared war surplus, and it then came under the War Assets Corporation for the purpose of the formal arrangements in connection with the disposition of the property. You have also heard evidence given by Mr. Scully that in this case there were no advertisements that the property was for sale, and that there were no notifications to any other aircraft manufacturers or companies of that kind that this property was for sale. I simply want to ask you this question: Who decided at that period as to those cases in which there would be an advertisement and those cases in which there would not be an advertisement of property being disposed of by War Assets Corporation?—A. I imagine it would be the president who would decide.

Q. Have you any memorandum or regulations or any thing of that kind that determines those cases in which there would be an advertisement and those cases in which there would not be an advertisement?—A. No, sir.

Q. Have you any way of indicating the type of property in regard to which advertisements would appear or notification would be given that the property was for sale, and those cases in which there would not be?—A. Well, the usual procedure is that the custodian would have the first opportunity for the purchase of the property which he was operating. That is the rule we usually follow.

Q. When you speak of the custodian, you mean the people who actually had been operating in the property or operating the plant would be offered the first opportunity?—A. Yes.

Q. Then in other cases where property was disposed of, was there any general regulation or any rule which you could give us, even informally, that would govern the case?—A. No, I do not know of one at all.

Q. So you do not recall any agreed procedure which would determine when something would be advertised and when it would not be advertised?—A. No,



I think it was done on the merits; each one would be on its own merits. There are so few cases where we did not advertise. We advertised in nearly every case.

Q. Could you give us examples of other cases in which you did not advertise in the case of the sale of property, perhaps not exactly of the same kind, but property of this nature?—A. I cannot recall them at the moment. There were so few that I do not remember.

Q. Take, for example, the Fleet Aircraft Company; was that advertised?—A. No. That was another custodian sale.

Q. Were there any other aircraft properties which you can recall which were sold without advertising?—A. I do not recall, Mr. Chairman, whether there were; but when those types of properties were being disposed of, I was not handling the sale of them.

*By the Chairman:*

Q. Were there any other aircraft companies?—A. No.

Q. How many were there?—A. I cannot recall any other aircraft companies as such that were being sold.

*By Mr. Drew:*

Q. You can recall at least one, the Fleet was disposed of.—A. Yes, we spoke of that.

Q. And the Victory.—A. The Victory, yes. That was transferred to A. V. Roe.

Q. Yes.—A. And that was not advertised.

Q. Were there any others?—A. Well, of certain properties at De Havilland some were advertised and sold, and some were not.

*By the Chairman:*

Q. You mean aircraft properties?—A. Yes.

*By Mr. Croll:*

Q. On the De Havilland property?—A. Yes, on the De Havilland property.

Q. And it was your policy always to offer it first to the custodian?—A. Exactly.

Q. And in the case of the Victory, you said it was sold to A. V. Roe?—A. That is right.

Q. Is that adjoining property, by any chance?—A. No. That is the Victory Aircraft property.

Q. Where?—A. At Malton.

Q. Was the Roe property alongside the Victory?—A. No. They took over the Victory.

Q. Did Roe have a plant before they bought the Victory?—A. No.

Q. And the Victory plant became the Roe plant?—A. Exactly.

*By Mr. Drew:*

Q. Now, Mr. Malley, at the time of the transfer of this property to War Assets Corporation, so that I may know what the procedure is—at the time of the transfer of the Cartierville property to the War Assets Corporation, would all the records be transferred under your control at that time in connection with it?—A. They would not be transferred. They would be available.

The CHAIRMAN: Which records? The records of the Vickers Company or what? We would like to know which records?

Mr. DREW: I mean the records relating to this particular operation.

The CHAIRMAN: They may be government records as to the deal with Vickers, or they may be records of the Vickers Company as to how to operate their plant.

*By Mr. Drew:*

Q. I quite realize there is a distinction there just as in the case of the Department of the Secretary of State. I am thinking of records in regard to any of the business transactions.—A. No, they were not transferred.

Q. They were not transferred, and they would remain with the department where they were.—A. I would say that the first document we had on that matter was the signed agreement, the lease-sale agreement.

Q. That was the first document?—A. Yes.

Q. In view of that, I have no further questions. I thought I would be able to ask certain questions in connection with it. However, I can come back to it. I thought that in a few minutes I could clear this up with one of the other witnesses. I thought that you, Mr. Malley, would have those records.

The CHAIRMAN: Any records before the sale of the property to Canadair would not come within the authority of the committee. The sale of the Canadair property does because that company, during the period under review by us, still owed a certain amount for rental. So anything prior to 1944 when the sale was made would not come under the authority of our committee.

Mr. DREW: I am not suggesting there would be anything before that time. Now, then, Mr. Malley, I have no further questions on this subject.

The CHAIRMAN: Have you any other witness on the same matter?

Mr. DREW: It wont take a moment. I thought Mr. Malley would have the records. I may have misunderstood. I was going to ask a question which arose out of a statement by Mr. Scully this morning in regard to the price of the acquisition in respect to the Chicago and Oklahoma purchases. But Mr. Malley says he has not got the document of sales so I have no further questions to ask him.

The CHAIRMAN: Mr. Scully could be brought back to give you more details, if you want them, about where he got his information concerning Chicago and so on.

Mr. DREW: It would not take very long. You could reserve that point or I could proceed with Mr. Malley on another matter.

The CHAIRMAN: You mean on the Emerald mine?

Mr. DREW: On the Emerald mine, yes.

Mr. CROLL: Do I understand that it is being reserved on that specific ground, and that we do not open it up again?

Mr. DREW: On the question of the Chicago and Oklahoma purchases it is quite obvious I misunderstood the statement in regard to the transfer of the records. I was going to question Mr. Malley. But he now says that the first one he has is at the time of the sale. And that being clear, I have no thought of taking up any other subject when we recall Mr. Scully. Do you wish to go on with the other part?

The CHAIRMAN: Are there any further questions on the previous matter under review, the deal concerning Canadair? Very well, let us go on with the Emerald mine.

The WITNESS: I have Mr. Kenneth Gray with me, our legal officer.

The CHAIRMAN: Mr. Kenneth Gray, Legal Adviser of the Crown Assets Disposal Corporation.

*By Mr. Drew:*

Q. Since the subject came up for discussion a few days ago, you, Mr. Malley, have had an opportunity to obtain the records of the transaction in connection with what is known as the Emerald mine?—A. Yes.

Q. So that we can establish the position. The Emerald mine is a property on the Salmon River in British Columbia, is it not?—A. Yes, sir.

Q. What type of mine is it?—A. It was a tungsten mine.

Q. When did developments start there so far as your records are concerned? When did the government first operate it, so far as your records show? When was development first undertaken in regard to this property?—A. I didn't quite get your question.

Q. Let me put it this way. I am just trying to develop the history of this thing. Was this mine that was taken over working before it was taken over?—A. I believe so. You realize, of course, that we did not have anything to do with it until after it was declared surplus to us.

Q. That is the reason I asked.—A. I have been able to get some information on prior operations and so on.

Q. Yes.—A. As a matter of fact there were questions asked in the House and answered which I think deal with this fairly conclusively. I would like if I may to read them, Mr. Chairman. They are as follows:

THURSDAY, MARCH 9, 1944.

SESSIONAL PAPER No. 202

MOVER:—Mr. Esling, M.P.

*Question:*

1. Has the government, through the Wartimes Metals Corporation or any other department or agency, acquired the Emerald Mine at Salmo, B.C.?

2. If so, what price was paid for the property?

3. In whose name does the title at present rest?

4. Has the original owner been fully paid?

5. What sum has been spent in development?

6. How many tons of concentrate have been produced since the opening of the property?

7. To whom have these concentrates been sold?

8. What sum has been realized from their sale?

9. Has this tonnage been shipped or is it still stored at the mine?

10. When did this property cease to operate?

11. How many employees were on the payroll at that time?

12. For how many of these were new positions found?

The attached information has been received by the Secretary of State of Canada from the Departments of Labour, Munitions and Supply.

*Answer of Department of Munitions and Supply:*

1. The Government acquired the Emerald Mine by expropriation proceedings filed on November 25th, 1942.

2. The original owner claimed \$1,750,000 but after negotiations agreed to accept \$424,000 in U.S. funds.

3. The Canadian Government.

4. No. The legal details have not yet been completed.

5. \$829,100.60.



6. High grade concentrates:— 132·226 short tons of 71·07 per cent  $\text{WO}_3$ .  
Low grade concentrates:—267·255 short tons of 15·07 per cent  $\text{WO}_3$ .
7. The low grade concentrates have been sold to the Metals Reserve Company. The High grade concentrates are being retained by the Canadian Government.
8. Payment by Metals Reserve Company will be based upon the final assay of the concentrates but it is estimated that approximately \$70,000 will be received for the low grade concentrates so sold to date to Metals Reserve Company.
9. The low grade concentrates have been shipped to Metals Reserve Company. The high grade concentrates are stored at the mine.
10. Mining ceased September 10th, 1943. Milling ceased September 21st, 1943. Operations closed October 15th, 1943.
11. Approximately 140 as at September 10th, 1943.
12. No information.

OTTAWA, March 2, 1944.

*Answer of Department of Labour*

1. to 11. inclusive.—It is understood these questions are being answered elsewhere.
12. 100 placed in mining industry around Nelson.  
20 on transfer to other mines in Province of British Columbia.  
20 farmers, who would not leave home, went to bush work close to their homes.

SESSIONAL PAPER No. 226A

MONDAY, APRIL 14, 1947

MOVER:—Mr. Herridge, M.P.

*Question:*

1. Was the Emerald Mine at Salmo, B.C., purchased by an agency of the Federal Government?
2. If so, when, from whom and at what price?
3. What was total expenditure on development, buildings, machinery, equipment, etc.
4. What was the total value of production shipped from the mine during period of operation?
5. When were operations discontinued and for what reason?
6. Was inventory taken of machinery, tools and equipment on site when operations discontinued. If so, what was value of same?
7. Has the Emerald Mine been sold. If so, to whom and at what price?
8. Was an inventory taken of machinery, tools and camp equipment on site just prior to sale? If so, what was the value of the same?
9. What were the total expenses incurred in taking such inventory?
10. On what dates was inventory taken and what are the names of the employees who took said inventory?

The attached information has been received by the Secretary of State of Canada from the Department of Reconstruction and Supply.

*Answer of Department of Reconstruction and Supply*

1. Yes, by Wartime Metals Corporation.
2. In May, 1942, from Iron Mountain Limited, for \$470,640.
3. \$803,055.74 (not including the purchase price in part 2 above).
4. \$263,787.98.
5. In September, 1943. The world supply of tungsten and armament development made additional supplies of tungsten unnecessary.
6. Yes, in October, 1943. The inventory contained buildings and services, machinery and equipment, the piping and flume of the mine water supply, telephone and power lines, roads and trails, and the steel and the air and water piping used in underground development. The various items were listed at cost and totalled \$829,160.86.
7. Yes, on January 15, 1947 to Canadian Explorations Limited, Vancouver. The selling price was \$950,000 less the value of any plant, equipment, stores, etc. which were included in the inventory which have been lost or removed from the property at the time when possession is given to the purchaser, unless the same shall have been replaced with other plant, equipment, stores, etc., of equal value in good condition and satisfactory to the purchaser.
8. Yes. The inventory taken in October, 1943 was checked by representatives of the purchaser, War Assets Corporation and Wartime Metals Corporation. As certain items of equipment had been sold by Wartime Metals Corporation subsequent to October, 1943 and prior to the declaration of the property as a surplus asset, a deficiency list was prepared and is now being valued in order that an adjustment may be made in the sale price as indicated in 7, above.
9. \$405.81, insofar as War Assets Corporation was concerned.
10. November 25 to December 12, 1946, by Messrs. O. Solan and W. G. McIntosh, both of War Assets Corporation.

Q. Now, Mr. Malley, from your records there in front of you can you indicate the date on which this property was offered for sale, I mean the date when it was decided to sell this property?—A. That would be the date it was declared surplus to our corporation.

Q. What date was that?—A. November 30, 1945.

Q. Have you a copy of any advertisements that have been prepared?—A. Yes sir. This advertisement appeared in seven publications.

Q. What was the date of that?—A. This order for the advertisement is dated May 2, 1946. It appeared in the Canadian Mining Journal.

*By the Chairman:*

Q. Kindly give the dates on which it appeared, so as to have the record complete?—A. The dates that were requested were: the Canadian Mining Journal, May 8th to 15th; the Canadian Mining and Metallurgy Bulletin, June 1; the Pre-Cambrian, June 5; the Western Miner, June 10; Canadian Business, June 1; Industrial Canada, June 1; the Northern Miner, May 16th. There, Mr. Chairman, is a cut of the advertisement.

Q. Will you have a copy of that made and filed?—A. Yes, I will.

*By Mr. Drew:*

Q. Was that under your instruction?—A. Not under my instruction, but under the instruction of previous officers of the corporation.

Q. May I see that?

The CHAIRMAN: It is a private file of the department.

Mr. DREW: I just want to see the notice.

The WITNESS: It is the only one we have.

The CHAIRMAN: You will have it copied?

The WITNESS: Yes.

Mr. FULFORD: Could we not have it read so that we all know what it is?

The WITNESS: Do you want me to read it?

The CHAIRMAN: Yes, please.

The WITNESS:

For Sale Emerald Tungsten Project (Crown-Owned) Salmo, B.C.

Subject to prior sale or withdrawal, War Assets Corporation invites offers for purchase outright of all the right, title and interest of the Crown in the mining claims, mine equipment and mill property and equipment including lands and buildings known as the Emerald Tungsten Project No. 7, located near Salmo, B.C., developed and operated under Wartime Metals Corporation, described as follows:

The property consists of some 46 mineral claims on which a tungsten (scheelite ore body has been developed on two levels. When operations were discontinued, some 298,000 tons of ore averaging 1.17 per cent  $WO_3$  had been outlined underground.

All necessary mining equipment and a complete mill equipped to handle 300 tons of head feed per day are installed on the property.

Complete plans of mine and mill and the production cost records are available for inspection in the office of:

The Deputy Co-ordinator, Resources Development (Mines),  
Department of Reconstruction and Supply, Room 220, No. 3  
Temporary Building, Ottawa, Ontario.

Arrangements can be made for examination of the property.

(All data given in this advertisement are necessarily abbreviated and subject to correction.)

Offers for this project will be considered on three bases:

- (1) The property including any land and all mining and milling equipment and buildings as one unit;
- (2) The mill buildings and equipment as one unit for removal from site;
- (3) All mine buildings and equipment as one unit for removal from site.

The highest or any offer may not necessarily be accepted.

Sale of the property will be subject to the approval of the Governor in Council.

Offers should reach the address given below not later than

WEDNESDAY, July 31, 1946

and are to be directed to:

War Assets Corporation,  
c/o The Deputy Co-ordinator  
Resources Development (Mines)  
Room 220, No. 3 Temporary Bldg.,  
Ottawa, Ontario.

Mr. FRASER: May I ask Mr. Malley a question. On the return tabled for Mr. Esling, the price paid by the government was \$424,000.

Mr. CROLL: \$424,000 in U.S. funds, and what you are referring to is the fact that the other was \$470,000.

Mr. FRASER: The one tabled for Mr. Herridge has the price given as \$470,000. There is a difference. I just want to know why the difference?



Mr. CROLL: The difference is in the U.S. funds.

Mr. FRASER: Just a moment, Mr. Croll, I am asking Mr. Malley.

Mr. CROLL: I am just adding quickly.

Mr. FRASER: Well I am asking Mr. Malley. Why is there the difference? Why should it be given as \$424,000 in one return and in another it is given as \$470,000?

The WITNESS: I cannot answer that because I did not make it up.

Mr. FULFORD: That is because of the exchange.

The WITNESS: It may be, but I did not make the return up.

Mr. FRASER: U.S. funds at that time were not at a discount?

The CHAIRMAN: I beg your pardon?

Mr. CROLL: I have two things in my notes: the figure was \$424,000 in U.S. funds, and the legal details have not been completed. The next return showed \$470,640 and it is obvious—

Mr. FRASER: I just wonder if our money was at a discount at that time? I do not think it was.

Mr. THOMAS: What was the date?

Mr. FRASER: 1943.

Mr. CROLL: Why would it be "in U.S. funds?"

Mr. FULFORD: In 1943 there was a discount of 10 per cent.

Mr. FRASER: The 10 per cent would not make the difference.

The CHAIRMAN: 'Legal arrangements to be completed.'

Mr. FRASER: I just asked the question.

The CHAIRMAN: And you are entitled to an answer, Mr. Fraser, and you are getting it.

*By Mr. Drew:*

Q. Then, Mr. Malley, did you receive offers as a result of that advertisement?

—A. There were no offers received.

Q. That applies to the ultimate purchaser as well as anyone else?—A. That is right.

Q. There were no offers?—A. No offers received at all.

Q. When the date of the actual agreement for sale was what?—A. January 15, 1947. It was preceded by an order in council—P.C. 5281 of December 27, 1946.

Mr. CROLL: Could we have that on file, Mr. Chairman, please.

The CHAIRMAN: Is that the order in council?

The WITNESS: That is the order in council.

The CHAIRMAN: Will you please read it?

The WITNESS:

P.C. 5281

*Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 27th December 1916.*

The Committee of the Privy Council have had before them a report, dated 21st December, 1946, from the Minister of Reconstruction and Supply, representing:

That the mine and mill at Salmo, B.C., known as the Emerald Tungsten Project are surplus to the requirements of the Crown;

That the said property, consisting of mineral claims, land, mining and milling plant, buildings, equipment and stores was acquired, developed, constructed and

equipped by the Crown for the production of Tungsten under the supervision of Wartime Metals Corporation, but has been closed down since December, 1943;

That the property was advertised for sale by War Assets Corporation but no acceptable offer was received;

That, subject to the approval of Your Excellency in Council, a sale of the property by War Assets Corporation to Canadian Explorations Limited, Vancouver, B.C., has been negotiated on terms substantially as set out in a copy of a draft of agreement hereto annexed as Schedule "A" and summarized as follows:—

- (a) The purchase price is \$950,000.00 (being an amount equal to the book cost of the property as originally purchased by the Crown plus approximately 60 per cent of book value of buildings, equipment and stores) less the value of any equipment or stores included in Schedule of 31st of October, 1943, which may have since been sold or removed from the property;
- (b) Payment to be made \$50,000.00 on closing and the balance in yearly payments equal to 50 per cent of net profits;
- (c) Net profits shall be the amount of earnings and income from disposal of products obtained from the property after deducting the cost of mining, milling and marketing, together with income and excess profits taxes payable in respect of such amount, but before deduction or allowance for depreciation or depletion;
- (d) The right, title and interest of the Crown is to be conveyed to the Purchaser, and it will give a mortgage back and will assume liability for outstanding settlements in respect of certain expropriated land included in the sale;
- (e) After five years the purchaser may reconvey the property to the Crown and be relieved from further payments or maintenance.

That the sale of the property as aforesaid is considered to be in the public interest and the price fair and reasonable.

The Committee, therefore, on the recommendation of the Minister of Reconstruction and Supply, advise that Your Excellency may be pleased to approve the sale of the property on substantially the terms set out in Schedule "A" hereto annexed with such modifications or variations as the Minister of Reconstruction and Supply may deem advisable and proper; Letters Patent to issue accordingly.

A. D. P. HEENEY,

*Clerk of the Privy Council.*

The Honourable  
the Minister of Reconstruction and Supply.

There is the agreement to be included—

The CHAIRMAN: Does the committee wish it to be published here, or shall it go as an appendix?

As an appendix?

Agreed. (See Appendix "J").

*By Mr. Drew:*

Q. Then this property is still being operated, so far as you know, by the company mentioned in that agreement at that time?—A. Yes, sir.

Q. You have already explained the partial payments have been made. Now, at the present time, are there any other similar properties under the control of the War Assets Corporation in other parts of the country?

Mr. CROLL: Tungsten mines?

*By Mr. Drew:*

Q. No, mining properties. Just in order to keep the record straight, it is actually a lead and zinc mine?—A. It is a lead and zinc mine now. They discovered lead and zinc afterwards. If I recall, I think there is the Dominion Magnesium Company which is on much the same basis as that.

Q. Where is it?—A. Up here at Haley's Corners, near Pembroke.

Q. Has that been disposed of?—A. Yes, the sale has been made.

The CHAIRMAN: Before we go into the matter I want to have the authority of the committee. You see, we are now entering other aspects of War Assets.

The WITNESS: I am not prepared to speak about it.

The CHAIRMAN: The agreement was that we would first deal with Canadair and Emerald and if we are to carry on with War Assets we would have to have a decision from the committee. We have requests from other members that after we clear this matter up they want to go into certain others. I would not want to go into another subject at the moment before the committee has the occasion to reach its conclusions as to its next order of business.

Mr. DREW: Well, the committee must of course deal with it. I asked a question and you do not wish it to be dealt with at the moment. Is that it?

The CHAIRMAN: No. The idea is to carry on our investigation. The committee will decide whether we take up war-assets in general, or take up the Canadian Commercial Corporation, or Public Health as you have asked at one time, and so on. The agreement of the committee up to now was to hear evidence on Canadair and the Emerald Mine and then to decide. If you are through with the Emerald Mine, we can have Mr. Scully back to ask him some more questions. Have you had enough with this witness?

Mr. DREW: In connection with this particular point, yes.

The CHAIRMAN: After the committee has decided its order of business, we may call Mr. Malley again. Thank you, very much, Mr. Malley.

The WITNESS: Thank you.

### **Mr. V. W. Scully, Deputy Minister of Taxation, recalled:**

The CHAIRMAN: We have Mr. Scully and Mr. Gavsie back on the point raised by Mr. Drew concerning the Chicago sale, and to ascertain where the figures come from which were given to us. Would you mind repeating your question, Mr. Drew?

*By Mr. Drew:*

Q. Mr. Scully, when you were giving evidence this morning you gave us the result of some inquiries that you made since yesterday. You gave us the figures of the average cost per pound in connection with the Chicago purchase and also the amount involved in that particular transaction. Have you the records from which that information was obtained?—A. I found them in notes in my file that I used during the negotiations with the Electric Boat Company.

Q. How did they come to be in connection with negotiations with the Electric Boat Company?—A. In connection with the cost of the assets involved, which came up in the discussion.

Q. Have you a copy of the actual agreement under which these were sold by the War Assets people in the United States?—A. No, sir.

Q. From what source would this information have to be obtained?—A. Originally from the invoices themselves.

Q. Where would these invoices be?—A. Now?

Q. Yes.—A. If they exist, they would be in Montreal.



*By Mr. Croll:*

Q. With Canadair?—A. With Canadair.

*By Mr. Drew:*

Q. But this was a transaction, was it not, where these assets were bought from a branch of the United States War Assets organization on behalf of this agency of the Canadian government; and would you not have a record here of the actual transaction?—A. No, sir.

Q. Do you know the source of the information that was reduced to some memorandum form from which you obtained these figures which you gave us this morning?—A. It was taken from the expenditures by Canadair.

Q. Was there anything in your memorandum to indicate the actual vendor from whom Canadair had purchased?—A. I think not.

*The Chairman:*

Q. You mean of the items in connection with the Oklahoma and Chicago purchases?—A. Yes.

*By Mr. Drew:*

Q. The reason I asked that was that I wondered if Mr. Scully had anything to show whether the purchase was made directly by Canadair from the War Assets organization in the United States? You have nothing in your records to indicate the fact?—A. I am not sure that it was purchased directly from War Assets, because War Assets in the United States operated through the custodian, whoever it happened to be, of surplus property. The sale would be made by War Assets Administration, but the materials would be delivered from the point at which they happened to be located.

Q. Yes. So you cannot really go beyond the fact that the figures you have given to us. —A. Are the amounts paid.

Q. The figures which you obtained in some way are in a memorandum which you examined many years before?—A. That is right.

*By Mr. Croll:*

Q. You are an accountant, Mr. Scully?—A. Yes, sir.

Q. With many years experience?—A. Some.

Q. And the purpose of ascertaining the figures that you gave to Mr. Drew today was in order to fix the prices that would be paid? What was the purpose in ascertaining those figures which you gave to Mr. Drew.—A. You mean originally?

Q. Yes.—A. They were essential in the negotiations with the purchaser of the property.

Q. That is right. You would take particular interest to make sure that those were correct figures at that time?—A. Yes sir.

Q. And your working papers would reflect that?—A. That is correct.

*By Mr. Drew:*

Q. Do the same remarks apply to the information that you have given us in connection with the Chicago transaction?—A. Yes, sir.

Q. You have no further information in regard to the Oklahoma transaction?—A. Yes.

Q. You have no further information on that case?—A. No.

Q. In connection with this consideration, you had no way, apparently, according to what you said this morning, of determining the amount of this material that was in the actual inventory at the time these discussions were taking place?—A. That is right.

Q. So for that reason, how then were you able to determine the relationship it had to the value of the inventory?—A. At the time of the sale?

Q. Yes.—A. The book value?

Q. I know; but you point out that you do not know what part of the inventory was made up of these acquisitions?—A. No, sir.

Q. So how were you in a position to discuss this with them, even though you had the average figure of the original cost?—A. We knew the amount of dollars that were still there. We did not know piece by piece what physical inventory was there. What I said this morning was, and let me repeat it, that in respect to the Oklahoma and Chicago materials, it was impossible to compute what materials were on hand at September 14, 1946. Parts had been sold or scrapped or embodied in work-in-process.

Q. Now, is there anything in your notes to indicate—I am talking now about these notes that you have of the discussions which took place and which relate to the figures you gave this morning—is there anything in those notes which indicates the comparative costs of any of these units? In the ordinary way they would be a straight purchase as of a manufactured product?—A. No, sir. This is not factual because I can only speak from what little experience I have had in relation to the business of manufacturing aircraft parts during the war. Usually they were costed on a poundage basis because of the great volume and the great difficulty in getting a basis for prices. Prices ranged from the base material cost, which might be 10 cents or 11 cents a pound up to \$8 or \$10. The more efficient plants were able to manufacture the average component perhaps at \$5 or \$6 per pound whereas the less efficient plants ran up to \$8 or \$10 per pound on the average.

When you get into larger components, with more complications and so on, the price per pound might not be that simple.

Q. When you speak of "components" you speak of components of the kind included in this purchase?—A. Yes, sir. There is a distinction between a "part" and a "component". A component may consist of two or more parts; while a part is one individual piece.

*By Mr. Croll:*

Q. When did you come into the government service?—A. Originally?

Q. No, the last time?—A. I have been working with the government one way or another since 1940.

Q. You spoke of some familiarity with these airplane parts. Have you had any experience in that line?—A. I had a little experience at Malton. I was president of Victory Aircraft for a couple of years.

Q. That was the "little experience" that I was trying to get on the record.

*By Mr. Drew:*

Q. Apropos of that remark, where components or parts were used which had been acquired in either the Chicago or the Oklahoma purchases, they represented only a fraction of what they would have cost if acquired in the ordinary way?—A. Yes, sir.

*By Mr. Prudham:*

Q. When you say they would only cost "a fraction of the original cost", are you making allowances for the probable wastage in bulk purchases?—A. It is very difficult to know. Because you pay \$3 million for X number of pounds and you use Y pounds, those are the ones which cost \$3 million; the rest might or might not be disposed of for what you paid for them. It is very hard to know.

Q. Is it not most probable that in a purchase of that kind there would be a high percentage of waste?—A. I am sure there would be, yes.

*By Mr. Croll:*

Q. Yesterday when answering a question you did not finish your answer for some reason or other. You were speaking of this purchase and you agreed that it would be a bargain.—A. Yes, sir.

Q. And you said that they got rather a lucky break when the Berlin Airlift started. You said that and then you stopped. Will you please continue from there?—A. Well, I think that was a story which was well known to the public. As a result of the Airlift, this type of aircraft which had been laid aside at the end of the war came back into use; and for a long time virtually the only source of parts was this inventory. What had been scrapped yesterday, became valuable material today.

The CHAIRMAN: Are there any further questions?

*By Mr. Fraser:*

Q. I think Mr. Scully mentioned this morning, if I understood him correctly, that he was not sure whether the company had bought direct from the War Surplus organization in the States, or whether there had been a middle man. Is that right?—A. No, sir, I did not say that.

Q. You do not know whether or not they bought direct?—A. They had to buy either directly or through an agent. For example, material was left with the Pullman Company in Chicago who were manufacturing components of this character during the war. They were custodians of that material for the United States War Assets Administration, in much the same way as it was handled in this country. Shipment would be made by the Pullman company for the account of the United States War Assets Administration. There was no intermediary between Canadair and the custodian. That is what I meant.

*By Mr. Drew:*

Q. Mr. Scully, you have had wide experience in connection with this particular operation, you would be in a position to indicate that this was a very large movement of material, wasn't it?—A. Yes, very large.

Q. And it involved large payments?—A. Yes, very considerable shipments.

Q. You have no way of indicating what the extent of it was?—A. No, but it was very large.

The CHAIRMAN: Are there any further questions for these witnesses? We can let them go again.

Mr. Drew, have you any other witnesses concerning the two first items, Canadair and Emerald?

Mr. DREW: No, I do not think so.

The CHAIRMAN: Then, the committee stands adjourned until tomorrow. We will send out notices.

Mr. DREW: When I say that I want no more witnesses I mean I am qualifying that by the fact that I assume the refusal to call Mr. Franklin applies to any other officials of Canadair.

The CHAIRMAN: Yes. I should not say yes, I am not the committee; but I would assume the same thing would apply. I assume the committee has sufficient to enable it to pass judgment on that. I mean the committee, I do not think that you or I could, but the committee in general.

Mr. DREW: In that case I just want to remove any doubt about it because I had asked for Mr. Franklin to give information about these transactions. I would, therefore, formally ask that Mr. West of Canadair be called.

The CHAIRMAN: I think, personally, the same objections arise.



Mr. DREW: Frankly, I would assume that, but I wanted it quite clear on the record that I am asking for that witness and I want a decision as to whether he will be called.

The CHAIRMAN: By the way, who is this Mr. West?

Mr. DREW: Mr. West is the President and General Manager, I think, of Canadair at the present time.

The CHAIRMAN: Was he connected with the company when the sale was made?

Mr. DREW: Yes, right through.

The CHAIRMAN: He was?

Mr. DREW: Yes.

Mr. CROLL: Mr. Chairman I think it is the same thing. Mr. Drew is talking for the record. I don't think he expects any reply.

Mr. DREW: I am asking for the record. I am not going to repeat the argument because the same argument applies. Mr. West is a man who can speak with knowledge of the records relating to these transactions. I am formally asking that Mr. West be called. I am not going to repeat the argument.

The CHAIRMAN: The motion is that Mr. West, of Canadair Limited, be called to appear before the committee. Those in favour? Those opposed?

I declare the motion lost.

We will meet this afternoon in camera at 2:30.

At our next regular sitting we will deal with the next order of business, and I think it is well that we discuss it in the main committee rather than in the steering committee so that everybody will be here and we can deal with what is to be our next order of business.

Mr. DREW: When will that be?

The CHAIRMAN: Tomorrow morning at 10 o'clock.

Mr. DREW: And then we will deal with the deferred accounts of the War Assets Corporation. I just wanted to ask Mr. Malley a few questions about that; how that was made up.

The CHAIRMAN: If the Committee decides to go into War Assets we can have him back.

The committee stands adjourned.

The committee adjourned.

## APPENDIX A

## CANADA

Development Services  
Branch

Office of the Director

## DEPARTMENT OF RESOURCES AND DEVELOPMENT

OTTAWA, 14 June, 1950.

Dear Sir,

On Monday, the 12th instant, I promised to furnish you with some further information with regard to the contract with the Western Construction & Lumber Company Limited of Edmonton for the construction of some 30 miles of highway from the town of Jasper to the East Gate of the Park.

The cost of this project is analyzed for the information of your Committee as follows:

|  |              |
|--|--------------|
| Total appropriation for this work.....   | \$761,200 48 |
| Contractor's fee .....   | 31,230 56    |
| Rental paid Contractor for use of Equipment (this<br>includes fuel, lubricants, repairs and operators'<br>wages) ..... | 519,700 11   |
| Materials such as culverts, etc.....   | 68,075 50    |
| Labour payroll (Other than equipment operators)....  | 123,051 07   |
| Engineering .....  | 19,143 24    |
| Cost of road per mile.....   | 25,800 00    |

Yours very truly,

R. A. GIBSON,  
*Director.*

The Chairman,  
Public Accounts Committee,  
House of Commons,  
Ottawa.

## APPENDIX B

## LETTERS PATENT

INCORPORATING

CANADAIR LIMITED

Dated 3rd October, 1944.

DEPARTMENT OF THE SECRETARY OF STATE OF CANADA  
REGISTRAR'S BRANCH

OTTAWA, 14th June, 1950.

I hereby certify the within to be a true and faithful copy of the record of the original Letters Patent as entered in Liber 388, Folio 182.

H. W. DOYLE,

*For Deputy Registrar General of Canada.*

[SEAL]

Letters Patent incorporating Canadair Limited, Dated 3rd October, 1944.  
Recorded 17th October, 1944.

E. H. COLEMAN,

*Deputy Registrar General of Canada.*

By the Honourable NORMAN ALEXANDER McLARTY,  
Secretary of State of Canada.

To all to whom these presents shall come, or whom the same may in anyway concern, GREETING:

Whereas, in and by Part I of The Companies Act, 1934, it is amongst other things, in effect enacted that the Secretary of State of Canada may by Letters Patent, under his Seal of Office, grant a Charter to any number of persons, not less than three, who having complied with the requirements of the said Act, apply therefor, constituting such persons, and others who thereafter become shareholders of the Company thereby created, a Body Corporate and Politic for any of the purposes or objects to which the Legislative Authority of the Parliament of Canada extends, except the construction and working of railways within Canada or of telegraph or telephone lines within Canada, the business of insurance within the meaning of The Canadian and British Insurance Companies Act, the business of a trust company within the meaning of the Trust Companies Act, the business of a loan company within the meaning of the Loan Companies Act, and the business of banking and the issue of paper money, upon the applicants therefor establishing to the satisfaction of the Secretary of State, due compliance with the several conditions and terms in and by the said Act set forth and thereby made conditions precedent to the granting of such Charter.



And whereas, Yvette Tobin, Mabel Watson and Doris Rafferty, Secretaries, Maura Trainor and Margaret Clacy, Clerks, all of the City of Montreal, in the Province of Quebec, have made application for a Charter under the said Act, constituting them and such others as may become shareholders in the company thereby created, a Body Corporate and Politic, under the name of Canadair Limited for the purposes hereinafter mentioned, and have satisfactorily established the sufficiency of all proceedings required by the said Act, to be taken, and the truth and sufficiency of all facts required to be established previous to the granting of such Letters Patent, and have filed in the Department of the Secretary of State a duplicate of the Memorandum of Agreement executed by the said applicants in conformity with the provisions of the said Act.

Now know ye, that I, the said Norman Alexander McLarty, Secretary of State of Canada, under the authority of the hereinbefore in part recited Act, do, by these Letters Patent, constitute the said Yvette Tobin, Mabel Watson, Doris Rafferty, Maura Trainor and Margaret Clacy, and all others who may become shareholders in the said Company, a Body Corporate and Politic, by the name of Canadair Limited with all the rights and powers given by the said Act, and for the following purposes and objects, namely:—

(a) To design, develop, test, manufacture, produce, assemble, buy, sell, exchange, lease, let on hire, overhaul, repair, service, store, warehouse and otherwise deal with and dispose of aircraft, airships, flying machines and aerial conveyances of all kinds and descriptions and all motors, engines, machinery, gear, fuel, propellants, lubricants, materials, parts, fittings, components, tools, appliances, apparatus, implements and accessories of every type and description necessary, useful or incidental thereto or in connection therewith;

(b) In connection with the business of the company:

1. To own, purchase, take on lease or option; or otherwise acquire, hold and, subject to the provisions of section 63 of The Companies' Act 1934, to mortgage, pledge and/or hypothecate and to sell, alienate, convey, lease, modify, exchange or otherwise deal with or dispose of property, real, personal, movable or immovable, or any right or interest therein of any name nature, description or kind, present or future;

2. To establish, maintain and conduct or to assist in the establishment, maintenance and conduct of any school, club, group, association or society for the purpose of advancing the study and practice of aviation, aerostatics and aeronautics;

3. To operate aircraft, airships, flying machines and aerial conveyances of all kinds and descriptions, subject to the statutes and regulations applicable to the operation of the same.

The operations of the company to be carried on throughout the Dominion of Canada and elsewhere.

The head office of the company will be situate at the City of Montreal, in the Province of Quebec.

The capital stock of the said company shall consist of ten thousand (10,000) shares without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act, provided, however, that the said shares may be issued for such price or consideration as may from time to time be fixed by the Board of Directors, provided, further, that the aggregate consideration of the said shares shall not exceed in amount the sum of ten thousand dollars (\$10,000) or such greater amount as the Board of Directors of the company may deem expedient and as may be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada of the requisite fees applicable to such greater amount.

And it is hereby ordained and declared that the company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the capital

stock of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such shares, and if such shares are of a par value, such commission whether in money or in shares shall not exceed ten per cent. (10%) of the par value of such shares, and if such shares are without nominal or par value, such commission if in the form of money, shall not exceed ten per cent. (10%) of the consideration for which such shares are issued, and if in the form of shares shall not exceed ten per cent. (10%) of the number of shares subscribed for, provided, however, that such commission shall not exceed ten per cent. (10%) of the amount realized therefrom.

And it is further ordained and declared that, if authorized by by-law duly passed by the directors and sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders, duly called for considering the by-law, the directors may from time to time:—

- (a) borrow money upon the credit of the company;
- (b) limit or increase the amount to be borrowed;
- (c) issue debentures or other securities of the company;
- (d) pledge or sell such debentures or other securities for such sums and at such prices as may be deemed expedient;
- (e) mortgage, hypothecate, charge or pledge all or any of the real and personal property, undertaking and rights of the company to secure any such debentures or other securities or any money borrowed or any other liability of the company;

Any such by-law may provide for the delegation of such powers by the Directors to such officers or Directors of the company to such extent and in such manner as may be set out in such by-law.

Nothing in this clause contained shall limit or restrict the borrowing of money by the company on bills of exchange or promissory notes made, drawn, accepted or endorsed, by or on behalf of the company.

That the said Yvette Tobin, Mabel Watson, Doris Dafferty, Maura Trainor and Margaret Clacy, are to be the first directors of the said company.

Provided always that nothing in these Presents expressed or contained shall be taken to authorize the construction and working of railways within Canada or of telegraph or telephone lines within Canada, the business of insurance within the meaning of The Canadian and British Insurance Companies Act, the business of a loan company within the meaning of the Loan Companies Act, and the business of banking and the issue of paper money.

Given under my hand and Seal of Office, at Ottawa, this third day of October, 1944.

E. H. COLEMAN,  
*Under Secretary of State.*

## APPENDIX C

## SUPPLEMENTARY LETTERS PATENT

TO

CANADAIR LIMITED

Confirming By-law 19 of the  
company increasing its capital stock.

Dated, 3rd February, 1947.

Recorded, 13th February, 1947.

W. P. J. O'MEARA,  
*Acting Deputy Registrar  
General of Canada.*

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

REGISTRAR'S BRANCH

OTTAWA, 14th June, 1950.

I hereby certify the within to be a true and faithful copy of the record of the original Supplementary Letters Patent as entered in Liber 427, Folio 479.

H. W. DOYLE,  
*For Deputy Registrar General of Canada.*

[Seal]

CANADA

By the Honourable COLIN WILLIAM GEORGE GIBSON,  
Secretary of State of Canada.

To all to whom these Presents shall come, or whom the same may in anywise concern, GREETING:

Whereas Canadair Limited is a company duly incorporated under the provisions of Part I of The Companies Act, 1934, as amended, by letters patent dated the third day of October, one thousand nine hundred and forty-four, with a capital stock consisting of ten thousand (10,000) shares without nominal or par value to be issued for such price or consideration as may from time to time be fixed by the Board of Directors, provided, however that the aggregate consideration of the said shares shall not exceed in amount the sum of ten thousand dollars (\$10,000) or such greater amount as the Board of Directors of the company may deem expedient and as may be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada of the requisite fees applicable to such greater amount;

And whereas the company has applied by Petition to me, the Secretary of State of Canada, for the issue of supplementary letters patent under the pro-



visions of the said Act, confirming By-law 19, enacted by the Directors of the company on the twenty-fifth day of January, one thousand nine hundred and forty-seven, and duly sanctioned by the unanimous vote cast a special general meeting of the shareholders of the company duly called for considering the same and held on the said twenty-fifth day of January, one thousand nine hundred and forty-seven, increasing the capital stock of the company as hereinafter set forth;

And whereas the company has satisfactorily established the sufficiency of all proceedings by the said Act required to be taken, and the truth of all facts by the said Act required to be established previous to the granting of such supplementary letters patent.

Now know ye that I, Colin William George Gibson, Secretary of State of Canada, by virtue of the power vested in me by the said Act, and of any other power or authority whatever in me vested in this behalf, do by these my supplementary letters patent confirm said By-law 19 of the company, duly enacted and sanctioned as aforesaid, increasing the capital stock of the company by the creation of one million nine hundred and ninety thousand (1,990,000) additional shares without nominal or par value, so that the authorized capital of the company shall be as follows:—

The capital stock of the said company shall consist of two million (2,000,000) shares without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act, provided, however, that the said shares may be issued for such price or consideration as may from time to time be fixed by the Board of Directors, provided, further, that the aggregate consideration for the issue of the said shares shall not exceed the sum or value of three million dollars (\$3,000,000) or such greater amount as the Board of Directors of the company may deem expedient and as may be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada of the requisite fees applicable to such greater amount.

Given under my hand and seal of office at Ottawa, this third day of February, 1947.

W. P. J. O'MEARA,  
*Acting Under Secretary of State.*

## APPENDIX D

### DEPARTMENT OF THE SECRETARY OF STATE OF CANADA

I hereby certify the within documents to be true and correct copies of the financial statements of Canadair Limited for the periods from 11th November, 1944, to 31st October, 1945, and from 31st October, 1945, to 14th September, 1946, deposited in the Department of the Secretary of State of Canada on the twelfth day of July, one thousand nine hundred and forty-six, and the twelfth day of May, one thousand nine hundred and forty-seven, respectively.

Given under my hand and seal of office, at Ottawa, this fourteenth day of June, one thousand nine hundred and fifty.

C. STEIN,  
*Under Secretary of State.*

[Seal]

CANADAIR LIMITED FINANCIAL STATEMENTS AS AT  
31st OCTOBER 1945

HASKELL, ELDERKIN & Co.

Chartered Accountants, The Royal Bank Building, Montreal

FINANCIAL STATEMENTS

HASKELL, ELDERKIN & COMPANY

Chartered Accountants, The Royal Bank Building, Montreal, Canada

M. Ogden Haskell, C.A.  
E. F. O'Brien, C.A.  
Donald R. Patton, C.A.  
A. Willard Hamilton, C.A.

Cable Address  
"Audits" Montreal

Tel. Marquette 8321

15th May, 1946.

The Directors,  
Canadair Limited,  
Montreal, Que.

Gentlemen:

We have made an examination of the books and accounts of Canadair Limited for the period from 11th November 1944 to 31st October 1945 and have submitted, under this date, the following financial statements of the Company, together with our report to the shareholders.

1. Balance Sheet as at 31st October 1945.
2. Statement of Profit and Loss for the period from 11th November 1944 to 31st October 1945.

In connection with our examination, the following is submitted for your further information.

*Accounts Receivable—Dominion Government—\$699,705.87*

This balance was made up as follows:

|  |                    |
|--|--------------------|
| Profits due from the Dominion Government in respect of contracts administered by the Company as Agent..... | \$712,723 94       |
| Payment in respect of P. F. Anten, Esq., to be charged to contract costs .....                             | 7,500 00           |
|  | <hr/> \$720,223 94 |

*Less* the following amounts paid from Government funds and to be refunded by the Company

|  |              |                    |
|--|--------------|--------------------|
| Salary of B. W. Franklin, Esq., from 11th November 1944 to 31st October 1945.... | \$ 17,053 73 |                    |
| Expenses not allowed as charges to contracts.                                    | 3,464 34     | 20,518 07          |
|  | <hr/>        | <hr/> \$699,705 87 |

*Bank Loan—\$7,500.00*

This was the amount borrowed from the Canadian Bank of Commerce for the payment of a similar amount to P. F. Anten, Esq.

*Accounts Payable—\$600.00*

The above provided for the liability of the Company in respect of audit and secretarial services for the period ended 31st October 1945.

*Provision for Income and Excess Profits Taxes—\$487,300.00*

The liability for taxes has been based on estimated Standard Profits of \$300,000.00 and cannot be finally established until the Board of Referees has determined the Standard Profits of the Company. We are informed that to date no request has been made to the Minister of National Revenue—Taxation, to have the Standard Profits fixed.

*Profit*

We are informed that at 31st October 1945 final costs had not been as the basis of estimates made by the Company. Such profits, however, are subject to the approval of the Dominion Government upon final audit.

Yours very truly,

(Sgd) HASKELL, ELDERKIN & CO.

*Chartered Accountants.*

## HASKELL, ELDERKIN &amp; COMPANY

Chartered Accountants, The Royal Bank Building, Montreal, Canada

M. Ogden Haskell, C.A.  
E. F. O'Brien, C.A.  
Donald R. Patton, C.A.  
A. Willard Hamilton, C.A.

Cable Address  
"Audits" Montreal  
Tel. Marquette 8321

## CANADAIR LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Canadair Limited for the period from 11th November 1944 to 31st October 1945, and have obtained all the information and explanations which we have required.

The liability for Income and Excess Profits Taxes has been based on estimated Standard Profits of \$300,000.00 and is subject to adjustment upon determination of the Standard Profits by the Board of Referees.

The profits on contracts taken into account are subject to the approval of the Dominion Government, subsequent to audit by the Cost Inspection and Audit Division.

Subject to the foregoing we report that, in our opinion, the attached balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

(Sgd) HASKELL, ELDERKIN & CO.

*Chartered Accountants.*

Montreal, 15th May 1946.



## CANADAIR LIMITED

BALANCE SHEET  
31st October 1945

## ASSETS

|   |                     |
|---|---------------------|
| Cash .....                                      | \$ 893.59           |
| Account Receivable—Dominion Government.....     | 699,705.87          |
| Refundable Portion of Excess Profits Taxes..... | 70,200.00           |
|   | <u>\$770,799.46</u> |

## LIABILITIES

|  |                     |
|--|---------------------|
| Bank Loan .....                                    | \$ 7,500.00         |
| Accounts Payable .....                             | 600.00              |
| Provision for Income and Excess Profits Taxes..... | 487,300.00          |
| Capital  |                     |
| Capital Stock                                      |                     |
| Authorized—10,000 Shares of No Par Value           |                     |
| Issued       1,000 Shares .....                    | \$ 1,000.00         |
| Deferred Surplus                                   |                     |
| Refundable Portion of Excess Profits Taxes         | 70,200.00           |
| Surplus  |                     |
| Net Profit for the period ended 31st               |                     |
| October 1945 .....                                 | 204,199.46          |
|  | <u>275,399.46</u>   |
|  | <u>\$770,799.46</u> |

Approved on behalf of the Board       Submitted with our Report of this date.  
 (Sgd) B. W. FRANKLIN, *Director*  
 (Sgd) D. H. MACFARLANE, *Director*

(Sgd) HASKELL, ELDERKIN & CO.  
*Chartered Accountants.*

Montreal, 15th May 1946.

## CANADAIR LIMITED

STATEMENT OF PROFIT AND LOSS  
From 11th November 1944 to 31st October 1945

|  |                   |
|--|-------------------|
| Profit on Contracts taken over from Canadian Vickers Limited.. | \$331,082.63      |
| Profit on Conversion and Overhaul Contracts.....               | 259,765.45        |
| Profit on Other Contracts .....                                | 121,302.68        |
| Profit on the Sale of Investments.....                         | 31.25             |
|  | <u>712,182.01</u> |

*Expenses*

|  |           |              |
|--|-----------|--------------|
| Audit Fees .....                                   | \$ 600.00 |              |
| Executive Salaries .....                           | 17,053.73 |              |
| Interest—Net .....                                 | 137.66    |              |
| Membership Fee .....                               | 1,600.00  |              |
| Sundry Expenses .....                              | 1,291.16  | 20,682.55    |
|  |           | <hr/>        |
|  |           | 691,499.46   |
| Provision for Income and Excess Profits Taxes..... |           | 487,300.00   |
|  |           | <hr/>        |
| Net Profit .....                                   |           | \$204,199.46 |
|  |           | <hr/> <hr/>  |

## EXHIBIT "A"

## CANADAIR LIMITED

AUDITORS' REPORT FOR THE PERIOD FROM 31ST OCTOBER TO 14TH SEPTEMBER 1946

RIDDELL, STEAD, GRAHAM &amp; HUTCHISON

Chartered Accountants

460 St. Francois Xavier St.,  
P. O. Box 2398 Place d'Armes  
Montreal, 1

17 February 1947.

To the Shareholders,  
Canadair Limited,  
Cartierville, Que.

Dear Sirs:

We have examined the books and accounts of Canadair Limited for the period from 31st October 1945 to 14th September 1946.

We append balance sheets as at 14th September 1946—

Statement "A"—Prior to Acquisition of Crown Assets

Statement "B"—After Acquisition of Crown Assets

We have not verified the assets or liabilities acquired from the Crown at 14th September 1946; these appear in the balance sheet at cost.

No provision has been made in the accounts for the cost of such part of the Automotive Equipment (presently in use) as the Company may decide to purchase from War Assets Corporation.

Subject to the foregoing we report that we have obtained all the information and explanations we have required and that, in our opinion, the attached balance sheets as at 14th September 1946, before and after acquisition of Crown Assets, are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Yours faithfully,

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,  
*Auditors.*

## CANADAIK LIMITED

BALANCE SHEET AS AT 14th SEPTEMBER 1946

(Prior to acquisition of Crown Assets)

## ASSETS

|                           |  |              |
|---------------------------|--|--------------|
| Amount due by 'Crown..... |  | \$ 10,000.00 |
|---------------------------|--|--------------|

## LIABILITIES

|  |              |                            |
|--|--------------|----------------------------|
| Bank Loan .....                              | \$385,000.00 |                            |
| <i>Less:</i> Collateral Account .....        | 385,000.00   | <u>      </u>              |
| Capital Stock                                |              |                            |
| Authorized and Issued—                       |              |                            |
| 10,000 shares of No Par Value.....           |              | \$ 10,000.00               |
| Earned Surplus                               |              |                            |
| Balance as at 31st October 1945.....         | 204,199.46   |                            |
| <i>Less:</i> Adjustments in respect of prior |              |                            |
| period .....                                 | 204,199.66   | <u>      </u>              |
|  |              | <u><u>\$ 10,000.00</u></u> |

Approved on behalf of the Board:

.....Director  
.....Director

Montreal, 17th February 1947

Submitted with our report of this date.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,  
*Chartered Accountants, Auditors.*

A general statement of income and expenditure for the financial period ending upon the date of the balance sheet has been omitted as it is inapplicable.



| ASSETS   |                         | LIABILITIES   |                         |
|--|-------------------------|---|-------------------------|
| <b>Current Assets</b>  |                         | <b>Current Liabilities</b>  |                         |
| Cash on Hand and in Bank .....                                   | \$ 500,236.48           | Bank Loan .....   | \$ 385,000.00           |
| Accounts Receivable .....  | 1,708,864.52            | Less: Collateral Account .....  | 385,000.00              |
| Duty and Brokerage Receivable .....                              | 534,647.82              | Accounts Payable and Accrued Liabilities .....  |                         |
| Income and Excess Profits Taxes Recoverable .....                | 487,300.00              | Accrued and Unclaimed Wages ..  |                         |
| Owing on completed Conversion Jobs, Spares, etc. ....            | \$6,555,937.50          | Income Tax and other Deductions from Employees' Earnings .....  |                         |
| Less: Amount Billed .....  | 6,345,378.75            | Accrued Sales Tax .....   |                         |
| <b>Inventories—</b>  |                         | Liabilities for Employees' Bonds Dom. of Canada Savings Bonds   | 175,331.14              |
| Work in Process—   |                         | Less: Receivable from Employees   | 175,331.14              |
| North Star Aircraft and Spares .....                             | 1,999,734.86            | Deposits, Advance Payments and Billings—  |                         |
| Conversion and Overhaul (un-completed Aircraft and Spares) ..... | 4,568,997.82            | On North Star Contracts .....   | 5,859,138.74            |
| Miscellaneous .....  | 335,940.50              | On Conversion and Overhaul Contracts .....  | 4,088,874.48            |
| <b>Raw Materials—</b>  |                         | Due to Crown (Department of Reconstruction and Supply) for Net Quick Assets .....   | 643,149.14              |
| North Star (including Chicago Purchase) .....                    | 2,454,814.13            | Current portion of deferred amount (see below) .....  | 1,110,520.32            |
| DC-3 (including Oklahoma Purchase) .....                         | 1,351,989.65            | <b>Total Current Liabilities</b>  | <b>13,751,332.98</b>    |
| Other Purchased Materials ..                                     | 101,798.31              |   |                         |
| Materials in Transit .....                                       | 700,000.00              | <b>Deferred Amount Due to Crown</b>   |                         |
| Prepayments to Suppliers ..                                      | 739,592.43              | (Department of Reconstruction and Supply) Payable Quarterly from 30th June 1947 to 31st Dec. 1948 with interest at 3½ % per annum from 15th Jan. 1947 | 3,886,821.10            |
| <b>Total Current Assets..</b>                                    | <b>12,252,867.70</b>    | Less: Amount due within one year .....  | 1,110,520.32            |
|  | 15,694,475.27           | <b>Capital Stock</b>  |                         |
| <b>Prepaid and Deferred Items -</b>                              |                         | Authorized and Issued—  |                         |
| Perishable Tools, Shop Supplies, etc. ....                       | 791,672.75              | 10,000 shares of No Par Value   | 10,000.00               |
| Deferred Charges and Expense ..                                  | 77,655.85               | <b>Earned Surplus</b>   |                         |
|  | 869,326.60              | Balance as at 31st October 1945   | 204,199.46              |
| <b>Fired Assets</b>  |                         | Deduct: Adjustments in respect of prior period resulting from changes in contracts .....  | 204,199.46              |
| Automobile .....   | 3,831.89                |   |                         |
|  |                         |   |                         |
| <b>Total</b>   | <b>\$ 16,567,633.76</b> |   | <b>\$ 16,567,633.76</b> |

Approved on Behalf of the Board:

Director.....

Director.....

*Montreal, 17th February 1947*

Submitted with our report of this date

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON

Chartered Accountants, Auditors.

## APPENDIX E

## SUPPLEMENTARY LETTERS PATENT

TO

CANADAIR LIMITED

In pursuance of Special By-law "A" of the company, amending and varying the provisions of its letters patent.

Dated, 8th May, 1947.

Recorded, 5th June, 1947.

E. H. COLEMAN,  
*Deputy Registrar General of Canada.*

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

REGISTRAR'S BRANCH

OTTAWA, 14th June, 1950.

I hereby certify the within to be a true and faithful copy of the record of the original Supplementary Letters Patent as entered in Liber 438 Folio 177.

H. W. DOYLE,  
*For Deputy Registrar General of Canada.*

[SEAL]

## CANADA

By the Honourable COLIN WILLIAM GEORGE GIBSON, Secretary of State of Canada. To all to whom these Presents shall come, or whom the same may in anywise concern,

GREETING:

Whereas Canadair Limited is a company duly incorporated under the provisions of Part I of The Companies Act, 1934, as amended, by letters patent dated the third day of October, one thousand nine hundred and forty-four, with a capital stock consisting of ten thousand (10,000) shares without nominal or par value to be issued for such price or consideration as would from time to time be fixed by the Board of Directors, provided, however, that the aggregate consideration of the said shares should not exceed in amount the sum of ten thousand dollars (\$10,000) or such greater amount as the Board of Directors of the company would deem expedient and as would be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada of the requisite fees applicable to such greater amount;

And whereas by supplementary letters patent dated the third day of February, one thousand nine hundred and forty-seven, the capital stock of the company was increased to two million (2,000,000) shares without nominal or par value to be issued for such price or consideration as may from time to time

be fixed by the Board of Directors, provided, however, that the aggregate consideration for the issue of the said shares shall not exceed the sum or value of three million dollars (\$3,000,000) or such greater amount as the Board of Directors of the Company may deem expedient and as may be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada, of the requisite fees applicable to such greater amount.

And whereas the company has applied by Petition to me, the Secretary of State of Canada, for the issue of supplementary letters patent under the provisions of the said Act, amending the letters patent and supplementary letters patent of the company in pursuance of Special By-law "A", enacted by the Directors of the company on the first day of May, one thousand nine hundred and forty-seven, and duly sanctioned by the unanimous vote cast at a special general meeting of the shareholders of the Company duly called for considering the same and held on the said first day of May, one thousand nine hundred and forty-seven, as hereinafter set forth;

And whereas the company has satisfactorily established the sufficiency of all proceedings by the said Act required to be taken, and the truth of all facts by the said Act required to be established previous to the granting of such supplementary letters patent.

Now know ye that I, Colin William George Gibson, Secretary of State of Canada, by virtue of the power vested in ME by the said Act, and of any other power or authority whatever in ME vested in this behalf, do by these my supplementary letters patent, in pursuance of said Special By-law "A" of the company, duly enacted and sanctioned as aforesaid, amend and vary the provisions of the letters patent incorporating the company, as amended by supplementary letters patent granted thereto as hereinbefore set forth, by adding thereto the following:—

And it is further ordained and declared that the company shall be deemed to be a private company under the provisions of the Companies Act, with the following restrictions, viz:—

(i) No shareholder shall, without the express sanction of the directors, to be signified by resolution passed by the Board of Directors, transfer his share or shares;

(ii) The number of shareholders of the Company shall be limited to fifty (50), not including persons who are in the employment of the company and persons, who, having been formerly in the employment of the company, were, while in that employment and have continued after the determination of that employment to be shareholders of the Company, two or more persons holding one or more shares jointly being counted as a single shareholder;

(iii) Any invitation to the public to subscribe for any shares or debentures of the Company shall be prohibited

and thereby converting the company from a public company into a private company.

Given under my hand and seal of office at Ottawa, this eighth day of May, 1947.

E. H. COLEMAN,  
*Under Secretary of State.*



## APPENDIX F

## SUPPLEMENTARY LETTERS PATENT

TO

CANADAIR LIMITED

Confirming By-law Twenty-nine of the Company altering its capital stock.

Dated, 13th December, 1948.

Recorded, 24th December, 1948.

E. H. COLEMAN,  
*Deputy Registrar General of  
Canada.*

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

REGISTRAR'S BRANCH

OTTAWA, 14th June, 1950.

I hereby certify the within to be a true and faithful copy of the record of the original Supplementary Letters Patent as entered in Liber 455 Folio 308.

H. W. DOYLE,  
*For Deputy Registrar General of Canada.*

[Seal]

## CANADA

By the Honourable COLIN WILLIAM GEORGE GIBSON, Secretary of State of Canada.

To all to whom these Presents shall come, or whom the same may in anywise concern, GREETING:

Whereas Canadair Limited is a company duly incorporated under the provisions of Part I of The Companies Act, 1934, as amended, by letters patent dated the third day of October, one thousand nine hundred and forty-four, with a capital stock consisting of ten thousand (10,000) shares without nominal or par value;

And Whereas the provisions of the said letters patent have been amended from time to time by the issue of supplementary letters patent dated respectively the third day of February, one thousand nine hundred and forty-seven, and the eighth day of May, one thousand nine hundred and forty-seven, as a consequence of which the presently authorized capital of the Company consists of two million (2,000,000) shares without nominal or par value to be issued for such price or consideration as may from time to time be fixed by the Board of Directors, provided, however, that the aggregate consideration for the issue of the said shares shall not exceed the sum or value of three million dollars (\$3,000,000) or such greater amount as the Board of Directors of the Company

may deem expedient and as may be consented to by the Secretary of State of Canada, on payment to the Secretary of State of Canada of the requisite fees applicable to such greater amount;

And Whereas it has been established that there are presently outstanding one million and seventy-five thousand nine hundred and fifty (1,075,950) shares of the capital stock of the Company, of which fifty-eight thousand four hundred and fifty (58,450) shares are registered in the names of shareholders other than Electric Boat Company and one million and seventeen thousand five hundred (1,017,500) shares are registered in the name of Electric Boat Company;

And Whereas the Company has applied by Petition to me, the Secretary of State of Canada, for the issue of supplementary letters patent under the provisions of the said Act confirming By-law Twenty-nine enacted by the Directors of the Company on the sixth day of December, one thousand nine hundred and forty-eight, and duly sanctioned by the unanimous vote cast at a special general meeting of the shareholders of the Company duly called for considering the same and held on the tenth day of December, one thousand nine hundred and forty-eight, altering the capital stock of the Company as hereinafter set forth;

And Whereas the Company has satisfactorily established the sufficiency of all proceedings by the said Act required to be taken, and the truth of all facts by the said Act required to be established previous to the granting of such supplementary letters patent.

Now Know Ye That I, Colin William George Gibson, Secretary of State of Canada, by virtue of the power vested in ME by the said Act, and of any other power or authority whatever in ME vested in this behalf, do by these my supplementary letters patent confirm said By-law Twenty-nine of the Company, duly enacted and sanctioned as aforesaid,—

- (1) (i) classifying forty-one thousand five hundred and fifty (41,550) of the presently authorized but unissued shares without nominal or par value of the capital stock of the Company as "Employees and Directors Shares", and
- (ii) classifying the said fifty-eight thousand four hundred and fifty (58,450) presently issued and outstanding shares without nominal or par value of the capital stock of the Company registered in the respective names of all the shareholders of the Company with the exception of any shares registered in the name of Electric Boat Company as "Employees and Directors' Shares";
- (2) (i) classifying the remaining eight hundred and eighty-two thousand five hundred (882,500) presently authorized but unissued shares without nominal or par value of the capital stock of the Company as "Common Shares", and
- (ii) classifying the said one million and seventeen thousand five hundred (1,017,500) presently issued and outstanding shares of the capital stock of the Company registered in the name of Electric Boat Company as "Common Shares";

so that the authorized capital of the Company shall be as follows:—

The capital stock of the said Company shall consist of one hundred thousand (100,000) Employees and Directors Shares and one million nine hundred thousand (1,900,000) Common Shares, all without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act, provided, however, that the said Employees and Directors Shares and the said Common Shares may be issued for such price or consideration as may from time to time be fixed by the Board of Directors' provided, further, that the aggregate consideration for the issue of the said shares shall not exceed the sum or value of three million dollars (\$3,000,000) or such greater amount as the Board of Directors

of the Company may deem expedient and as may be authorized by the Secretary of State of Canada upon payment of the requisite fees applicable to such greater amount.

The said Employees and Directors Shares and the said Common Shares, respectively, shall rank equally in all respects subject to the rights, powers, privileges, limitations, conditions and provisions hereinafter stated, that is to say:

- (a) the holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders and shall have one (1) vote thereat for each Common Share then held by them respectively;
- (b) the holders of the Employees and Directors Shares shall be entitled to receive notice of and to attend all meetings of shareholders but shall not as such have any voting rights for the election of Directors or for any other purpose unless and until at any time and from time to time no dividend is paid by the Company on such Employees and Directors Shares during a period of two (2) consecutive calendar years, whereupon and until the payment of a dividend by the Company of such Employees and Directors Shares, the holders of the Employees and Directors Shares at each annual meeting of shareholders held after the expiration of any such period of two (2) consecutive calendar years but prior to the payment of any such dividend shall be entitled to elect one (1) Director of the Company and for such purpose shall be entitled to one (1) vote with respect to each Employees and Directors Shares so held, provided, however, that upon the payment of a dividend by the Company following the expiration of any such period of two (2) consecutive calendar years during which no dividend is paid on the Employees and Directors Shares, such right of the holders of the Employees and Directors Shares to vote shall cease and terminate and any Director who may have been elected by the holders of such Employees and Directors Shares shall automatically cease to be a Director of the Company and the vacancy thus created shall be filled by the remaining Directors of the Company or by the holders of such shares of the share capital of the Company as may be entitled to vote at the next succeeding annual general meeting of shareholders.

Given under my hand and seal of office at Ottawa, this thirteenth day of December, 1948.

E. H. COLEMAN,

*Under Secretary of State.*



## APPENDIX G

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

I hereby certify the within to be a true and correct copy of a document relating to Canadair Limited filed in the Department of the Secretary of State of Canada on the fifteenth day of October, one thousand nine hundred and forty-six.

Given under my hand and seal of office, at Ottawa, this fifteenth day of June, one thousand nine hundred and fifty.

C. STEIN,  
*Under Secretary of State.*

[SEAL]

## CANADAIR LIMITED

## CERTIFIED COPY OF BY-LAW SIXTEEN

*"By-law Sixteen be it and it is hereby made, passed and enacted:"*

That By-law Three, Article 1, of the By-laws of the Company be and it is hereby amended by deleting therefrom the word 'five' where it appears and replacing the same by the word 'six'. McP

---

I, the undersigned, D. H. Macfarlane, Vice-President, hereby certify the foregoing to be a true and exact copy of By-law Sixteen of the By-laws of Canadair Limited duly made, passed and enacted by the Board of Directors at a meeting duly held at the City of Montreal on the 2nd day of October, 1946, at which a quorum was present, and subsequently duly sanctioned, approved, ratified and confirmed by at least two-thirds of the votes cast at a Special General Meeting of the Shareholders of the Company duly held for the purpose of considering the said By-law on the 2nd day of October, 1946, at which a quorum was present.

In witness whereof I have hereunto set my hand and affixed the corporate seal of the Company at the City of Montreal this 11th day of October, 1946.

(Sgd.) D. H. MACFARLANE,  
*Vice-President.*

[SEAL]

## APPENDIX H

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

I hereby certify the within to be a true and correct copy of a document relating to Canadair Limited filed in the Department of the Secretary of State of Canada on the third day of February, one thousand nine hundred and forty-seven.

Given under my hand and seal of office, at Ottawa, this fifteenth day of June, one thousand nine hundred and fifty.

C. STEIN,  
*Under Secretary of State.*

[SEAL]

## CANADAIR LIMITED

## BY-LAW FIXING NUMBER OF DIRECTORS

*Extract from By-law 3, Article 1, of the By-laws of Canadair Limited*

ARTICLE 1. *Number of Directors.* The Board of Directors shall consist of twelve Directors.

I, the undersigned, Donald H. Macfarlane, Secretary, hereby certify the foregoing to be a true and exact extract from By-law 3, Article 1 of the By-laws of Canadair Limited duly made, passed and enacted by the Board of Directors of the Company at a meeting duly held in the City of Montreal on the 25th day of January, 1947, and subsequently sanctioned, approved, ratified and confirmed by all of the votes cast at a Special General Meeting of the Shareholders duly held for the purpose of considering the said By-law on the 25th day of January, 1947, at which a quorum was present.

In witness whereof I have hereunto set my hand and affixed the corporate seal of the Company at the City of Montreal this 27th day of January, 1947.

(Sgd.) D. H. MACFARLANE,  
*Secretary.*

[SEAL]

## APPENDIX I

DEPARTMENT OF THE SECRETARY OF STATE  
OF CANADA

I hereby certify the within to be true and correct copies of documents relating to the supplementary letters patent dated the thirteenth day of December, one thousand nine hundred and forty-eight, issued the CANADAIR LIMITED altering the capital stock of the said company, on file in the Department of the Secretary of State of Canada.

Given under my hand and seal of office, at Ottawa, this fifteenth day of June, one thousand nine hundred and fifty.

C. STEIN,  
*Under Secretary of State.*

[SEAL]

ILSLEY, DUQUET & MacKAY

Barristers & Solicitors

The Royal Bank Building, Montreal, 1

December 11, 1948.

A. ALEX CATTANACH, Esq.,  
Companies' Branch,  
Department of the Secretary of State,  
Ottawa, Ontario.

*Re: Canadair Limited—Classification of Shares—Amendment of Letters Patent*

Dear Mr. CATTANACH:

Referring to our recent conversation with you over the telephone from New York, I enclose herewith an application for Supplementary Letters Patent together with supporting documents and our cheque payable to the order of the Receiver General of Canada to the amount of \$100.00 covering the required fee.

The Company now has an authorized capital of 2,000,000 shares without nominal of par value and it is the intention that these shares be classified as follows:

- (a) 100,000 as Employees and Directors Shares;
- (b) 1,900,000 as Common Shares.

It is also desired that the Letters Patent and Supplementary Letters Patent be amended or varied so as to specify particularly the voting rights which are to attach to each of the two respective classes of shareholders.

I would appreciate it very much if you would wire me as soon as you have had an opportunity to examine the enclosure giving me the date as of which the Supplementary Letters Patent will be granted.

Yours very truly,

Encls.

(Sgd) JOHN E. L. DUQUET.



O'M:BP  
3820:48

OTTAWA, December 15, 1948.

Dear Mr. DUQUET,

This will confirm our conversation this morning by long distance telephone in which it was agreed that you would forward to this Department an affidavit or statutory declaration of a competent officer of CANADAIR LIMITED to establish the number of shares of the capital stock of the petitioner company held respectively by Electric Boat Company and by others. It was also agreed that in the recapitulation of the amended capital stock provisions, the procedure for increasing the aggregate allotment price of the shares without nominal or par value would remain based on the phraseology which was employed in previous letters patent and supplementary letters patent of Canadair Limited.

On this basis, draft letters patent have been prepared, a copy of which I enclose for your information. Upon receipt of your approval of this draft and of the evidence of ownership of shares as above requested, supplementary letters patent will issue dated the 13th instant.

With kind personal regards,

Sincerely yours,

W. P. J. O'MEARA,  
*Assistant Under Secretary of State.*

J. E. L. DUQUET, Esq., K.C.,  
Messrs, Ilsley, Duquet and MacKay,  
Barristers, etc.,  
P.O. Box 1446, Place d'Armes,  
Montreal 1, P.Q.

ILSLEY, DUQUET & MacKAY  
Barristers & Solicitors  
The Royal Bank Building, Montreal, 1

December 17, 1948.

W. P. J. O'MEARA, Esq.,  
Assistant Under Secretary of State,  
Department of the Secretary of State,  
Ottawa, Ontario.

Dear Mr. O'MEARA:

This will acknowledge receipt of your letter of December 15, 1948.

I enclose herewith a statutory declaration of the Secretary of Canadair Limited establishing the number of shares of the capital stock of the Company held respectively by Electric Boat Company and by others.

The draft of the proposed Supplementary Letters Patent to issue under date of December 13, 1948, as enclosed with your letter, appears to me to be quite in order. The Company is satisfied with the terms of the Supplementary Letters Patent in which the procedure for increasing the aggregate allotment price of the shares without nominal or par value remains based on the phraseology which was employed in previous Letters Patent and Supplementary Letters Patent.

Best personal regards,

Yours sincerely,

(Sgd) JOHN E. L. DUQUET.

Encl.

Canada,  
Province of Quebec,  
County of Hochelaga.

IN THE MATTER OF THE PETITION OF CANADAIR LIMITED FOR  
SUPPLEMENTARY LETTERS PATENT CONFIRMING BY-LAW  
TWENTY-NINE OF THE BY-LAWS OF THE COMPANY

AFFIDAVIT

I, The undersigned, Donald H. Macfarlane, Executive, residing and domiciled at Civic No. 461 Mount Pleasant Avenue, in the city of Westmount, in the Province of Quebec, Canada, do solemnly declare:

1. That I am the Secretary of Canadair Limited.
2. That immediately prior to the 13th day of December, 1948, i.e., the date of the proposed issue of Supplementary Letters Patent confirming By-law Twenty-nine of the By-laws of Canadair Limited:
  - (a) the authorized share capital of the Company consisted of 2,000,000 shares without nominal or par value;
  - (b) the outstanding share capital of the Company consisted of 1,075,950 shares without nominal or par value;
  - (c) out of the total number of shares outstanding there were 58,450 shares without nominal or par value of the capital stock of the Company registered in the names of shareholders other than Electric Boat Company;
  - (d) out of the total number of shares outstanding there were 1,017,500 shares without nominal or par value of the capital stock of the Company registered in the name of Electric Boat Company.

And I make this solemn declaration conscientiously believing it to be true and knowing it to be of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

And I have signed:

(Sgd) D. H. MACFARLANE,

Declared before me at the city of Montreal, this 17th day of December, 1948.

(Sgd) ?

Commissioner of the Superior  
Court for the District of Montreal.

## APPENDIX J

THE FIRST SCHEDULE  
(Copy of Principal Agreement)

File 223-300-799

P.C. 5281 (1946)

This agreement is made as of the 15th day of January A.D. 1947: Between: His Majesty the King in right of Canada, (hereinafter called "His Majesty"), represented by the Right Honourable the Minister of Reconstruction and Supply, (hereinafter called "the Minister") herein acting through War Assets Corporation (hereinafter called "the Corporation"). Of the One Part and Canadian Exploration Limited of 11th Floor Royal Bank Building Vancouver, B.C. (hereinafter called the Purchaser) of the other part.

Whereas His Majesty is the owner of a mine and mill at Salmo, B.C., known as the Emerald Tungsten Project;

And whereas the Purchaser is a company incorporated for mining purposes under the Companies Act of the Province of British Columbia and represents that it wishes to arrange the purchase of the said property either by itself or by another company to be incorporated for that purpose, and not for the purpose of re-sale, and upon such representation His Majesty has agreed to sell the said property upon the terms, covenants and conditions hereinafter set forth.

Now therefore it is agreed and declared by and between the parties hereto as follows:—

1. *Sale and Purchase Price.*—His Majesty agrees to sell to the Purchaser, and the Purchaser agrees to purchase from His Majesty for the sum of Nine Hundred and Fifty Thousand Dollars (\$950,000,000) all the right, title and interest of His Majesty in and to the mineral claims, land, mining and milling plant, stores, equipment and buildings constituting the above mentioned mine and mill, and more particularly set out in the Schedule annexed hereto and forming a part hereof (all of which is sometimes hereinafter referred to as "the property"). Provided, however, that the Purchaser shall be given credit against the said purchase price for the value of any plant, equipment, stores, etc., which were included in the Government Schedule of 31st October, 1943, which have been lost or removed from the property at the time when possession is given to the Purchaser unless the same shall have been replaced with other plant, equipment, stores, etc., of equal value in good condition and satisfactory to the Purchaser.

2. *Terms of Payment.*—The Purchaser covenants and agrees to pay the said purchase price to His Majesty (War Assets Corporation being hereby designated, until further notice, as the agent of His Majesty to receive payments herein) at the times and in accordance with terms and conditions as follows:—

- (a) The sum of Fifty Thousand Dollars (50,000.00) on or before the execution of this agreement.
- (b) The balance of Nine Hundred Thousand Dollars (\$900,000.00) (subject to adjustment as aforesaid in respect of missing plant, equipment, stores, etc.) shall be payable in manner following and not otherwise, namely in yearly payments equal respectively in amount to fifty



per cent (50%) of the net profits, if any, (calculated as hereinafter mentioned) derived from the ores, concentrates, minerals and/or other products obtained from the property during the financial year of the Purchaser immediately preceding such yearly payment, and such yearly payments shall be made within six months after the close of the Purchaser's financial year.

- (c) The Purchaser may at any time pay to His Majesty the whole or any part of the purchase price at such time unpaid.

3. *Financial Year.*—The financial year of the Purchaser shall be (as it is at present) the twelve months ending the 30th day of April, but this may be altered to another date should the Purchaser see fit and if such alteration is made the expression “the financial year of the Purchaser immediately preceding such payment”, as used in Clause 2 hereof, shall apply to that period which has elapsed between the 30th day of April last terminating a financial year and the new date adopted by the Purchaser as aforesaid, notwithstanding that such period may be longer or shorter than twelve months, and the payment falling due in respect of that period pursuant to Clause 2 hereof shall be made within six months after the end of that period. It is also understood and agreed that if an operating company is formed as is hereinafter permitted for the purpose of undertaking the purchase and operation of the property such operating company may adopt such date as it may see fit as the end of its financial year.

4. *Net Profits.*—The “net profits” for any financial year shall be the amount of the earnings and income from the sale or other disposal of the ores, concentrates, minerals and/or other products obtained from the property after deducting from such amount the actual cost of mining, milling and marketing such ores, concentrates, minerals and/or other products, together with the income tax and excess profits tax payable in respect of such amount but before deduction or allowance for depreciation, depletion or similar charges. Provided, however, that in determining “net profit” (1) inventories shall be valued in accordance with sound accounting practice and on a consistent and uniform basis from year to year, and no unreasonable write-offs or allowances for inventory losses shall be made, and (2) there shall not be included as expenses the following, namely:—

- (a) Directors' fees;
- (b) Interest on borrowed capital;
- (c) Dividends or other distributions to shareholders, or
- (d) Salaries or other remunerations to directors, officers or employees (in

their capacity as such) who do not ordinarily devote the whole or substantially the whole of their time to the business of the Purchaser other than such part of such salaries or other remuneration as may be properly chargeable to and paid in respect of time spent, work done, or services rendered in connection with the development, equipment or operation of the said property or the sale of the products thereof.

Subject as aforesaid, the “net profits” for any financial year, or the fact that there are no such net profits, shall be determined and certified by the auditors of the Purchaser, who shall be chartered accountants satisfactory to the Minister. Provided, however, that the certificate of the said auditors shall be in such form and detail and shall contain such particulars as may be required by and be satisfactory to the Minister, and an original of the said certificate, together with a copy of the statement of income and expenditure upon which such certificate is based shall be furnished to the Minister and provided further that the Minister may in his discretion have such net profits, if any, determined by representatives of His Majesty, and in the event of any discrepancy between

the amount of such net profits as certified by the auditors of the Purchaser and the net profits as determined by the representatives of His Majesty, the matter shall be referred to the Exchequer Court of Canada:

5. *Possession*.—Possession of the said property shall be given to the Purchaser forthwith after the execution of this agreement and the Purchaser agrees that it will thereupon assume all risks and liabilities of ownership and all obligations in respect of the property to the entire exoneration of His Majesty. The Purchaser also agrees that it accepts the property in its present condition without any warranty of any kind by His Majesty in respect thereof.

6. (a) *Commencement of Operations, etc.*—The Purchaser agrees to commence operations at the property as soon as practicable after being given possession thereof and to operate and maintain the property (or cause the same to be operated and maintained) in accordance with good mining and milling practice, provided, however, that the Purchaser shall at all times and from time to time be fully at liberty to suspend operations on the property, if, in the opinion of the Purchaser such operation is not commercially warranted, or if, in the opinion of the Purchaser, operations are prevented or seriously interfered with by Act of God, fire, flood, weather, accident, strikes, lockouts, or any other cause or circumstances of whatsoever nature beyond the control of the Purchaser.

(b) *Prospecting and development work, etc.*—Prospecting and mine Development work, additions to or replacements of equipment and/or buildings, technical and market research and similar work conducive to the operation and development of the property shall be carried out in accordance with the decision of the Purchaser, which decision shall be based on the future well-being of the property and the operation and development thereof. All costs and expenses incurred in connection with the above shall be charged as capital or operating expenses in accordance with sound accounting practice.

(c) *Working Capital*.—In the event of the operation of the property being carried on by the Purchaser itself, the sum of One Hundred Thousand Dollars (\$100,000.00) shall be appropriated and set aside by the Purchaser for such operation, and all accounts and records in respect thereof shall be kept separately and distinct from accounts and records in respect of other operations, activities or interests of the Purchaser. In the event of such operation being carried on by an operating company as hereinafter mentioned, the Purchaser shall cause the operating company to be financed with the sum of One Hundred Thousand Dollars (\$100,000.00) as working capital, and such further working capital as may from time to time be required by it, and the operating company shall not engage in any other operation, activity or undertaking.

(d) *Taxes, assessment work, etc.*—The Purchaser shall, (unless otherwise consented or agreed to by His Majesty) keep or cause to be kept in good standing all mineral claims included in the property, whether or not Crown-granted, and shall do all such work, pay all such taxes, assessments or charges and execute and register all such documents or instruments as may be necessary therefor or shall cause the same to be done, paid, executed and registered.

(e) *Insurance*.—The Purchaser shall at all times keep such parts of the said property as are liable to be destroyed or injured by fire insured against loss or damage to the extent that such property is usually insured by companies operating like properties under similar circumstances and will also carry such other insurance (if any) upon the said property as is usually carried by companies operating similar properties under like circumstances, loss under any policies effecting any such above mentioned insurance to be made payable to His Majesty or to the Purchaser as their respective interests may appear, provided that the proceeds of such insurance shall, if so required by the Purchaser, be



immediately made available for the replacement or repair, as the case may be, of any property lost or damaged. The said insurance shall be effected with an insurance company or companies satisfactory to His Majesty, and the Purchaser shall furnish, from time to time, sufficient information that its obligations in respect thereof have been complied with.

7. *Accounts.*—The Purchaser shall keep, or cause to be kept, proper and detailed accounts and records of its earnings and income and of the cost of operation of the property and invoices, receipts and vouchers relating thereto. Such accounts, records, invoices, receipts and vouchers shall at all times be open to audit and inspection by authorized representatives of the Minister (who may make copies thereof and take extracts therefrom) and such authorized representatives of the Minister shall be afforded all facilities for such audits and inspections and shall be furnished all such information as they may from time to time require with reference to such accounts, records, invoices, receipts and vouchers.

8. *Documents of Title, compensation for expropriated land, etc.*—His Majesty agrees to issue or execute or have issued or executed, and concurrently with the delivery of the mortgage hereinafter mentioned, to deliver to the Purchaser such Letters Patent, Conveyances, Bills of Sale and other documents or instruments as may be necessary to convey to and vest in the Purchaser all the right, title and interest of His Majesty in and to the property. It is understood that no settlement has been made or compensation paid in respect of part of the land acquired by His Majesty under the authority of The Expropriation Act (being Chapter 64 of the Revised Statutes of Canada, 1927) by Plan filed in the Land Registry Office at Nelson, B.C., on the 25th day of November, 1942, as Instrument No. D.F. 17083 and the Purchaser agrees to assume all responsibility for all such outstanding settlements or payments and to indemnify and save harmless His Majesty from all claims and obligations in respect thereof; provided that, if so requested by the Purchaser before Letters Patent are issued hereunder, His Majesty will abandon the said land or such portion thereof as is so requested.

His Majesty further agrees to deliver forthwith to the Purchaser the original signed copies of all reports, maps, plans, drawings, mining records, diamond drilling cores and records in His possession relating to the property including, in particular, those listed in Appendix II of the report by J. S. Scott, dated 5th October, 1943, entitled "Geological and Survey Records" (originals), which were delivered to Wartime Metals Corporation at Montreal.

9. *Mortgage to secure payment to His Majesty.*—The Purchaser agrees to execute and deliver or to have executed and delivered to His Majesty a mortgage of the property to secure to His Majesty performance and fulfilment of the terms and conditions to be performed and fulfilled by the Purchaser under this agreement, and payment to His Majesty of such moneys (if any) as may from time to time become payable hereunder, it being understood that such mortgage shall not in any event be deemed to effect or give rise to any acceleration of payment of purchase price, whether on default or otherwise, or to secure or provide for any payment inconsistent with this agreement, or not provided for herein. Subject as aforesaid, such mortgage shall be in a form satisfactory to the Minister and shall contain such covenants and conditions usual in standard commercial long form mortgages as may be applicable in the circumstances, and shall be subject to no charges or encumbrances on the property or any part thereof other than such as are in existence at the present time.

10. (a) *Restrictions on transfer, cesser of Purchaser's obligations, etc.*—Until such time as the purchase price shall have been completely paid and satisfied, the property shall not be sold, transferred or otherwise disposed of



except with the consent of the Minister and for valuable consideration not less than the amount of the purchase price at such times unpaid to His Majesty which, upon receipt, shall immediately be turned over to the Corporation (or as the Minister may direct) on account of the purchase price payable hereunder. Upon completion of payment in full of the purchase price of the property all obligations of the Purchaser to His Majesty arising under this agreement shall cease and determine.

(b) *Default, breach or bankruptcy of the Purchaser.*—If there should be any default, breach or non-observance by the Purchaser of any of the terms or provisions of this agreement or if the Purchaser should become bankrupt or insolvent or have a receiving order made against it or make an assignment for the benefit of creditors, or take the benefit of any statute for the time being in force relating to bankrupt or insolvent debtors or if an order shall be made or a resolution passed for the winding up of the Purchaser, then and in every such case the whole of the purchase price hereunder shall immediately become due and payable. Provided, however, that excepting in the case of the Purchaser becoming bankrupt, taking the benefit of any statute for the time being in force relating to bankrupt or insolvent debtors or going into liquidation the foregoing provision shall not become effective unless such default, breach or non-observance by the Purchaser shall continue for thirty days after the receipt by the Purchaser of written notice by His Majesty giving particulars of the same.

(c) *Debts due to the Crown.*—Nothing herein contained shall be deemed to prohibit or preclude His Majesty from taking advantage of the Act respecting debts due to the Crown, being Chapter 18 of the Statutes of Canada, 1932.

11. *Right to terminate after five years.*—At any time on or after the expiration of five (5) years from the date hereof the Purchaser may terminate this agreement and shall thereupon reconvey or cause to be reconveyed to His Majesty the property to be sold hereunder free of any encumbrance other than such charges or encumbrances on the property or any part or parts thereof as are in existence at the present time, and upon such reconveyance the Purchaser shall be relieved of all responsibility for the further operation and maintenance of the property and from any further payment to His Majesty on account of purchase price other than any such payment or payments that may at that time have already accrued due to His Majesty and remain unpaid, and all the rights of the Purchaser hereunder shall cease, but the Purchaser shall deliver to His Majesty the originals of all reports, maps, plans, drawings, mining records, diamond drilling cores and records in its possession relating to the property. Provided, however, that such right to terminate this agreement shall not arise unless six calendar months notice in writing of intention to terminate as aforesaid shall have been given to His Majesty.

12. *Operating Company.*—The Purchaser shall be at liberty, if it sees fit, to form a new company to be incorporated for the purpose of undertaking the purchase and operation of the property in place of the Purchaser. Such company is hereunder referred to as "the operating company". The Articles of Association of the operating company shall provide that the operating company shall forthwith enter into agreements in such form as may be approved by its directors (with power to agree to any modifications thereof) with His Majesty and with the Purchaser whereby the operating company becomes entitled to all benefits of and undertakes to perform this agreement and to be bound by the terms thereof in every way as if the said operating company were a party to this agreement and bound thereby to His Majesty jointly and severally with the Purchaser. Such agreement shall also provide that the Purchaser shall forthwith supply, or cause to be supplied, to the operating company the sum of One Hundred Thousand Dollars (\$100,000.00) for the purpose of providing the working capital referred to in paragraph (c) or Clause Six (6) hereof, and

upon such agreements being executed the said sum of One Hundred Thousand Dollars (\$100,000.00) will be supplied by the Purchaser to the operating company.

13. *Notices.*—Any notice required to be given to His Majesty under this agreement may be served by a prepaid registered letter addressed to the Secretary of the War Assets Corporation at the City of Ottawa, Ontario, and any notice required to be given to the Purchaser or to the operating company may be served by a registered letter addressed to the Purchaser or to the operating company as the case may be at its registered office in the City of Vancouver, British Columbia, and any notice so mailed shall be deemed to have been served at the time at which such letter would be delivered in the ordinary course of post.

14. *Members of the House of Commons.*—No member of the House of Commons of Canada shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

In witness whereof this Agreement has been executed and sealed on behalf of His Majesty by War Assets Corporation under its corporate seal and the hands of its duly authorized officers and by the Purchaser under its common seal and the hands of its duly authorized officers.

Signed, Sealed and Delivered in WAR ASSETS CORPORATION,  
manner aforesaid in the presence of:

[L.S.]

G WILLIAMS,  
*Witness.*

(Sig) A. E. McMASTER,  
*Vice-President & General  
Manager.*

(Sig) R. P. SAUNDERS,  
*Secretary.*

The Common Seal of Canadian  
Exploration Limited was hereunto  
affixed in the presence of:

H. L. BATTEN,  
*Director.*

H. A. GOULD,  
*Secretary.*

[L.S.]

THIS IS THE SCHEDULE REFERRED TO IN AGREEMENT DATED  
15th JANUARY, A.D. 1947, BETWEEN HIS MAJESTY AND  
CANADIAN EXPLORATION LIMITED

EMERALD TUNGSTEN PROJECT, SALMO, B.C.

1. *Land*

- (a) Sub-lot 8 of Lot 1244 Plan X54 Kootenay District as shown in Certificate of Title 57321-I (Mine).
- (b) Part of Sub-lot 6 of Lot 1244 Plan X54 Kootenay District as shown in Certificate of Title No. 62733-I (Staff Houses).
- (c) Parts of Sub-lot 36 of Lot 1236 Plan X69 Kootenay District as shown in Certificate of Title No. 61458-I (Mill Site).
- (d) Lot No. 9 of Block 6 of Lot 206-A Plan 622 in Salmo, B.C. as shown in Certificate of Title No. 57322-I.

2. *Mineral Claims, Crown Granted.*

- (a) Lots Nos. 14881 to 14905, inclusive, 12115 to -7, inclusive, and 12083 to 12087, inclusive, as shown in Certificate of Mineral Title No. 1767.
- (b) Lots Nos. 9070, 9071, 9072, 9073, 9074, 9075, 9076, 3368 and 3369 as shown in Absolute Fees Book Vol. 34 Folio 211 No. 25837-A.

3. *Mineral Claims, not Crown Granted.*

- (a) Hal. No. 1, Hal. No. 2, Hal. No. 3 and Hal. Fraction, as shown in Bill of Sale recorded with Mining Recorder at Nelson, B.C., March 27, 1944, in Book 24, Folios 90 and 91.
- (b) Left Fraction located and recorded by Mr. A. L. Purdy, B.C.L.S., on behalf of His Majesty, but also included in the expropriation plan filed earlier at Nelson, B.C., November 25, 1942, as Instrument No. D.F. 17083.

4. *Other lands, etc.*

All such other lands, mines, mineral claims, rights of way and other interests of whatsoever nature (if any) not specifically mentioned in this Schedule, which have been acquired by His Majesty pursuant to the Expropriation notice mentioned in Clause 8 of this agreement.

5. *Buildings.*

All buildings and structures situated on the above mentioned lands and mineral claims and a shed to store concentrates situated on C.P.R. lands at railway siding in Salmo, B.C.

6. *Equipment.*

All equipment, machinery, tools, stores and miscellaneous articles situated on, in or about the above mentioned lands, mineral claims and buildings, including aerial tramway.

## THE SECOND SCHEDULE

(Description of Real Property and Mineral Claims)

1. *Mine Buildings (Indefeasible Title No. 57321-I)*—All and singular that certain parcel or tract of land situate, lying and being in the Kootenay District of the Province of British Columbia, more particularly known and described as Sublot Eight (8) of Lot 1244, Kootenay District, according to the registered map or plan of the said subdivision deposited in the Land Registry Office at the City of Nelson and numbered X54, subject to the exceptions and reservations in favour of the Nelson and Fort Sheppard Railway Company contained in Deposited Deed No. 54305.

2. *Staff Houses (Indefeasible Title No. 62733-I)*—All and singular that certain parcel or tract of land situate, lying and being in the Kootenay District of the Province of British Columbia, more particularly known and described as that part of Sublot Six (6) of Lot 1244, Kootenay District, according to the registered map or plan of the said subdivision deposited in the Land Registry Office at the City of Nelson and numbered X54, and shown outlined in red on Explanatory Plan No. 62733-I, subject to the exceptions and reservations contained in the conveyance of the said lands from the Nelson and Fort Sheppard Railway Company contained in Deposited Deed No. 1832, subject also to Registered Charge No. 28751-D, in favour of Frank R. Rotter, being a reservation of all merchantable timber, to be removed within two years as specified in Deposited Document No. 62733-I.



3. *Mill Site (Indefeasible Title No. 61458-I)*—All and singular that certain parcel or tract of land situate, lying and being in the Kootenay District of the Province of District Columbia, more particularly known as that part of Sublot Thirty-six (36) of Lot 1236, Kootenay District, according to the registered map or plan of the said subdivision deposited in the Land Registry Office at the City of Nelson and numbered X69, and shown outlined in red on Reference Plan No. 61457-I; subject to the exceptions and reservations contained in the conveyance of the said lands from the Nelson and Fort Sheppard Railway Company as shown in Deposited Deed No. 1832, and also subject to a registered charge No. 25063-D, in favour of the West Kootenay Power and Light Company Limited, being an easement dated 27th January, 1941, for a pole line.

4. *Salmo Office (Indefeasible Title No. 57322-I)*—All and singular that certain parcel or tract of land situate, lying and being in the Municipality of Salmo, in the Province of British Columbia, more particularly known and described as Lot Nine (9) in Block Six (6) of Lot 206-A, Kootenay District, according to the registered map or plan of the said subdivision deposited in the Land Registry Office at the City of Nelson and numbered 622.

#### CROWN GRANTED MINERAL CLAIMS

5. (*Mineral Title No. 1767*)—All and singular those Crown granted mineral claims situate in the Kootenay District of the Province of British Columbia, more particularly known and described as:

- (a) All minerals precious and base (save coal) in or under Lots 12083, 12084, 12085, 12086, 12087, 12115, 12116, and 12117, respectively known as "Dodger", "Invincible", "Job Trotter", "Empire", "Pickwick", "Royal Canadian", "Last Chance" and "Mark Tapley" Mineral Claims.
- (b) All minerals precious and base (save coal, petroleum and natural gas) in or under Lots 14881 to 14905, both inclusive, respectively known as "Hillside", "Big Dick", "Sunnyside Fraction", "Slope", "Elk", "Imperial Fraction", "Yukon", "Victor Fraction", "Rex Fraction", "Bruce Fraction", "Butte", "Colonial", "Dublin", "Bonner Fraction", "Fox", "Eagle", "Princess", "Lynx", "Cody Fraction", "Tim", "Dorrit", "Nicholas", "Dickens Fraction", "Copperfield Fraction" and "Dick Fraction" Mineral Claims.

6. (*Absolute Fees Book Vol. 34, Fol. 211, No. 25837-A*)—All and singular those Crown granted mineral claims situate, lying and being in the Kootenay District of the Province of British Columbia, more particularly known and described as:

- (a) All minerals precious and base (save coal) in or under Lots 3368, 3369, 9070, 9071, 9072, 9074, 9075 and 9076, respectively known as the "King Alfred", "King Solomon", "Jersey", "Gold Standard", "Standard Fractional", "Emerald Fractional", "Morning" and "Sunshine" Mineral Claims, and
- (b) All minerals precious and base (save coal and petroleum) in or under Lot 9073, being known as the "Emeral" Mineral Claim.

7. *Surveyed and Recorded Mineral Claims*:—The following mineral claims all situate in the Nelson Mining Division in the Province of British Columbia, and recorded in the office of the Mining Recorder at the City of Nelson, namely:—

| Record No. | Name of Claim     | Date of Location | Location     | Date of Recording |
|------------|-------------------|------------------|--------------|-------------------|
| 108/157    | Hal. No. 1        | 19th June, 1942  | Harold Lakes | 22nd June, 1942   |
| 108/158    | Hal. No. 2        | "                | "            | "                 |
| 108/159    | Hal. No. 3        | 20th June, 1942  | "            | "                 |
| 108/156    | H. A. L. Fraction | "                | "            | "                 |
| 150        | Left Fraction     | 8th Aug., 1944   | A. L. Purdy  | 9th Aug., 1944    |







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Session 1950

HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE  
ON  
PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

TUESDAY, JUNE 20, 1950  
WEDNESDAY, JUNE 21, 1950  
THURSDAY, JUNE 22, 1950  
MONDAY, JUNE 26, 1950

Including Third, Fourth, Fifth and Sixth Reports

WITNESSES:

Mr. H. R. Malley, O.B.E., President and General Manager, and Mr. Louis Richard, Vice-President and Comptroller, Crown Assets Disposal Corporation.

Mr. J. V. Clyne, Chairman, Canadian Maritime Commission.

Mr. J. H. Tilley, General Manager and Secretary, Park Steamship Company, Ltd.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1950



# STANDING COMMITTEE

## on

### PUBLIC ACCOUNTS

*Chairman:* L. Philippe Picard, Esq.  
*Vice-Chairman:* David Croll, Esq.

Messrs.

|                                   |   |   |
|-----------------------------------|---|---|
| Anderson                          | Fleming                                       | Pinard                                      |
| Ashbourne                         | Fournier ( <i>Maisonneuve-<br/>Rosemont</i> ) | Prudham                                     |
| Balcer                            | Fulford                                       | Richard ( <i>Gloucester</i> )               |
| Beaudry                           | Fraser  | Richard ( <i>Ottawa East</i> )              |
| Benidickson                       | Gauthier ( <i>Portneuf</i> )                  | Riley                                       |
| Blue                              | Hansell                                       | Robinson                                    |
| Boisvert                          | Helme   | Sinclair                                    |
| Boivin                            | Homuth  | Stewart ( <i>Winnipeg North</i> )           |
| Brisson                           | Johnston                                      | Thatcher                                    |
| Browne ( <i>St. John's West</i> ) | Kirk ( <i>Antigonish-<br/>Guysborough</i> )   | Thomas                                      |
| Cauchon                           | Kirk ( <i>Digby-Yarmouth</i> )                | Warren                                      |
| Cavers                            | Langlois ( <i>Gaspé</i> )                     | White ( <i>Hastings-<br/>Peterborough</i> ) |
| Cleaver                           | Larson  | Winkler                                     |
| Cloutier                          | Macdonnell                                    | Wright                                      |
| Cruikshank                        | Major   |   |
| Denis                             | Maybank                                       |   |
| Diefenbaker                       |   |   |
| Drew                              |   |   |

*Clerk:* A. L. Burgess.

## REPORTS TO THE HOUSE

THURSDAY, June 22, 1950.

The Standing Committee on Public Accounts begs leave to present the following as its

### THIRD REPORT

Your Committee reviewed all the items of the Auditor General's report for the year ending March 31, 1949.

Your Committee, during the course of eight meetings, heard evidence on the whole of this report from Mr. Watson Sellar, Auditor General. Evidence on certain portions of the report relevant to their departments was heard from Mr. R. B. Bryce, Assistant Deputy Minister of Finance, Mr. K. W. Taylor, Assistant Deputy Minister of Finance, Mr. B. J. Roberts, National Harbours Board, Mr. M. W. Mackenzie, C.M.G., Deputy Minister of Trade and Commerce, Major-General J. H. MacQueen, President, Canadian Arsenals Limited, Mr. J. M. Wardle, Chairman, Northwest Territories Power Commission, Mr. W. J. Bennett, President and Managing Director, Eldorado Mining and Refining (1944) Limited, and Mr. R. A. Gibson, Director, Development Services Branch, Department of Resources and Development. Your Committee wishes to express its appreciation to these officials for their help and co-operation.

From the evidence received the following matters have been selected as the subjects of your Committee's recommendations:

Your Committee is of the opinion that the Revenue and Audit Act should be amended to authorize writing off uncollectible debts that have accumulated up to 1940 in the government accounts. It also considers that proper regulations should be drawn for writing off yearly debts that have been considered uncollectible for the previous ten years.

Your Committee is of the opinion that the government should consider the advisability of revising the International Boundary Waters Act C.28, 1911, as amended by C.5, 1914 and particularly with regard to existing limitations as to salaries and office expenses.

Your Committee is of the opinion that the yearly report of every Crown Corporation should be referred for study to a select committee of the House.

The Post Office Guarantee Fund was established in 1898 "to remove the necessity for commercial bonds of indemnity being contracted for by various individuals", and its statutory purpose is to make good losses arising from "the malfeasance, misfeasance, or failure to duly discharge his duties" of a post office employee. The practice has developed of charging the Fund with outlays that have nothing to do with its aims. Your Committee is of the opinion that indemnities and compensation paid as a result of losses occurring in the handling of various classes of mail, settlements for losses by burglary, losses arising from money order forgeries, losses arising from fraudulent savings bank withdrawals and the like should be treated as operating costs of the Post Office Department and not charged to the Guarantee Fund.

The Department of Public Works bears the cost of office accommodation for all departments. Your Committee is of the opinion that departmental heads in co-operation with Treasury Board officials, the Comptroller of the Treasury and the Auditor General should examine the advisability of charging each department in respect of the space which it occupies.

A copy of the minutes of proceedings and evidence of May 2nd, 3rd, 25th, 29th, 30th, June 1st, 6th, 8th is appended hereto.

All of which is respectfully submitted.

L. PHILIPPE PICARD,  
*Chairman.*



TUESDAY, June 27, 1950.

The Standing Committee on Public Accounts begs leave to present the following as its

## FOURTH REPORT

Your Committee has inquired into the sale by War Assets Corporation to Canadair Limited of a property located at Cartierville, P.Q., and devoted four meetings to its inquiry.

Your Committee heard evidence from the two departmental officials most closely connected with the negotiating and the drafting of the lease-option agreement, Messrs. V. W. Scully, C.M.G., former Deputy Minister of Reconstruction and Supply and now Deputy Minister of Taxation and Mr. Charles Gavsie, O.B.E., former general counsel of Reconstruction and Supply and now Assistant Deputy Minister of Taxation. Also heard were Mr. H. R. Malley, President and General Manager, Crown Assets Disposal Corporation, and Mr. Wm. P. J. O'Meara, K.C., Assistant Under Secretary of State.

Your Committee has obtained production of the following documents upon which the principal witnesses were examined:—

1. *Management Agreement* dated November 11, 1944, between His Majesty the King in right of Canada and Canadair Limited and related documents, viz: Agreements between His Majesty the King in right of Canada and Canadian Vickers Limited dated November 11, 1944, and January 25, 1944; Orders in Council P.C. 8991 and 8992, both dated November 28, 1944; Agreement between His Majesty the King in right of Canada and Canadian Vickers Limited and Canadair Limited, dated November 11, 1944, and May 1, 1945; Order in Council P.C. 4060, dated June 7, 1945.
2. *Lease Option Agreement* dated September 15, 1946, between His Majesty the King in right of Canada and Canadair Limited and related documents, viz: Agreement between His Majesty the King in right of Canada and Canadair Limited, dated September 1, 1949, amending agreement of September 15, 1946; Orders in Council P.C. 242 and 930, dated January 21, 1947, and March 13, 1947, respectively;  
Letters from the Department of Reconstruction and Supply to Electric Boat Company, 33 Pine Street, New York, dated January 20, 1947 and March 17, 1947;  
Agreement dated March 31, 1947, between His Majesty the King in right of Canada and Canadair Limited relating to contracts for the purchase of planes;  
Agreement dated March 31, 1947, between Canadair Limited and Trans Canada Airlines relating to contracts for the purchase of planes.
3. *Purchase Agreement* dated October 1, 1949, between His Majesty the King in right of Canada and Canadair Limited.
4. *Balance Sheet of Canadair Limited*, as at March 20, 1947.
5. *Financial Statements of Canadair Limited*, as at 31st October, 1945, and Auditor's Report for the period 31st October, 1945, to 14th September, 1946.
6. *Letters Patent incorporating Canadair Limited*, dated 3rd October, 1944, and Supplementary Letters Patent, dated 3rd February, 1947, 8th May, 1947, and 13th December, 1947;

Departmental correspondence re amendment of Letters Patent; By-law 16 and extract from By-law 3 of Canadair Limited.

The property disposed of was the aircraft, plant constructed in 1942 at Cartierville, P.Q., for the Canadian Government by Canadian Vickers Limited

and operated by them to build aircraft for the Crown until 1944 when operation of the plant was transferred to Canadair Limited, a privately owned management company.

The sale under review resulted from a lease-option agreement effective as at September 15, 1946, entered into by the Canadian Government and Canadair Limited, subsequent to negotiations with Electric Boat Company, an American corporation that had acquired substantially all the stock of Canadair Limited.

The main features of the lease-option agreement were as follows:—

- (a) Electric Boat Company to provide Canadair Limited with \$2,000,000 working capital forthwith;
- (b) Canadair Limited to waive all claim or right of fees or profits from the beginning of its operations to and including September 14th, 1946;
- (c) Canadair Limited to buy at book value the assets of the project, as at September 14, 1946, exclusive of plant, tools and automotive equipment, and to assume the liabilities as set out on the balance sheet of the project prepared as of that date;
- (d) Canadair Limited to buy such automotive equipment as it might require, at prices to be agreed upon with War Assets Corporation;
- (e) Canadair Limited and the Government to enter into a 15-year lease-option agreement covering the plant facilities and tools, under which the Company will pay a fixed annual rental of \$200,000, and will have an option to acquire all of the facilities, including the tools, at an inclusive price ranging from \$4,000,000 in the first year to \$2,511,961 in the 15th year;
- (f) Of the assets to be purchased by the Company, a balance of \$3,886,821.10 to be paid for in equal quarterly instalments from June 30th, 1947, to December 31st, 1948, with interest on the unpaid balance at the rate of  $3\frac{1}{2}$  per cent per annum;
- (g) The Government to assign Canadair Limited its licence agreement with the Douglas Aircraft Company;
- (h) Canadair to agree to sell to the Government and Trans-Canada Air Lines 24 R.C.A.F. type and 20 T.C.A. type aircraft at negotiated fixed prices of \$630,000 and \$660,000 each respectively, sales tax extra.

During the course of the examination of Messrs. Scully and Gavsie, Mr. George A. Drew, a Member of the Committee showed great concern over an excerpt from a statement issued on May 15, 1946, by Haskell, Elderkin & Company, Chartered Accountants, Montreal, to the Directors of Canadair Limited, purporting to establish that the latter Company had claimed as profits due to them by the Dominion Government a sum of \$712,723.94 in respect of contracts administered by the Company as agent.

Your Committee investigated the matter thoroughly. The witnesses declared that no profits had ever been paid by the Government, that they were never assessed, and had been waived at the time the agreement was signed.

Subsequently your Committee obtained production by the Assistant Secretary of State of the financial statement of Canadair Limited as at 31st October, 1945, and found in the report of Haskell, Elderkin & Company that the item concerning estimated profits that had given rise to Mr. Drew's concern was the subject, in the very same report from which he had quoted, of the following statement: "We are informed that at 31st October, 1945, final costs had not been ascertained for any contract and that the profits have been taken into account on the basis of estimates made by the Company. Such profits, however, are subject to the approval of the Dominion Government upon final audit".

The fact that the claim for this amount was subsequently waived was corroborated by the terms of the agreement as produced to your Committee.

The evidence received established the figures of the deal as follows:—

The assets as of September 14, 1946, were:—

|  |    |               |                  |
|--|----|---------------|------------------|
| Cash on hand and in Bank .....           | \$ | 500,236.48    |                  |
| Accounts Receivable .....                | \$ | 2,941,371.09  |                  |
| Employees Victory Loan Funds (Contra) .. |    | 175,331.14    |                  |
| Sundry Prepaid, etc. ....                |    | 31,220.37     |                  |
|  |    | <hr/>         | 3,147,922.60     |
| Inventories:                             |    |               |                  |
| Raw Materials, Work-in Process, etc. ..  |    | 9,745,959.84  | \$ 13,394,118.92 |
|  |    | <hr/>         |                  |
| Land, Buildings, Plant, Tooling and      |    |               |                  |
| Equipment .....                          |    | 18,825,777.66 |                  |
| Automotive Equipment .....               |    | 48,807.49     |                  |
|  |    | <hr/>         | 18,874,585.15    |
|  |    |               | <hr/>            |
|  |    |               | \$ 32,268,704.07 |
|  |    |               | <hr/>            |

To this sum is to be added a further payment by the Canadian Government of \$3,000,000 for additional tooling, and \$8,017 for land and from it is to be deducted \$48,807.49 of automotive equipment not included in the agreement, bringing a new total of \$35,227,719.58. In this total were included tooling for aircraft to the extent of \$13,863,668.33. Such tooling was described by Mr. Scully as expendable to such an extent that, in the ordinary course, the Income Tax Department would allow an annual write off of 50 per cent for depreciation. It consisted of jigs, dies, patterns and consumable tools used in press machines, lathes and other equipment in the plant.

The marketable assets at the time the agreement was signed amounted therefore to \$21,391,251.25.

The net recovery by the Government as a result of the agreement and sale amounted to \$17,402,135.92 of which \$13,394,118.92 was paid in cash by the Company or by the latter assuming current liabilities and \$4,008,017 paid under the lease-option agreement.

Your Committee is of the opinion that the sale of the Cartierville property to Canadair Limited has resulted in the Government recovering over 80 per cent of the value of the marketable assets of the project as at the time of disposal.

Your Committee wishes to express its appreciation to the witnesses who appeared before it for their help and co-operation.

A copy of the Minutes of Proceedings and Evidence of June 12th, 13th, 14th and 15th is appended hereto.

All of which is respectfully submitted.

L. PHILIPPE PICARD,  
*Chairman.*

TUESDAY, June 27, 1950.

The Standing Committee on Public Accounts begs leave to present the following as its

#### FIFTH REPORT

Your Committee has inquired into the sale by War Assets Corporation to Canadian Exploration Limited of a property known as Emerald Mine located near Salmo, B.C.

Your Committee heard evidence from Mr. H. R. Malley, former Vice-President and General Manager of War Assets Corporation and now President of Crown Surplus Disposal Corporation, and Mr. Kenneth H. Gray, Legal Adviser of the Crown Assets Disposal Corporation to whom your Committee wishes to express its appreciation for their help and co-operation.



The following documents were produced:—

1. Agreement between His Majesty the King in right of Canada and Canadian Exploration Limited regarding the purchase of the Emerald Tungsten Project by the Company; and related Order in Council P.C. 5281, dated December 27, 1946.

2. Copy of advertisement appearing in various publications in May and June 1946, inviting offers to purchase the "Emerald Tungsten Project" at Salmo, B.C.

Emerald Mine was purchased by Wartime Metals Corporation in May, 1942, from Iron Mountain Limited to increase the production of tungsten as part of Canada's war effort.

Operations were discontinued October 15, 1943, because the world supply of tungsten and armament development made additional supplies of tungsten unnecessary.

On November 30, 1945, the property was declared surplus to War Assets Corporation. It was advertised for sale in seven mining and business publications on different dates between May 8 and June 5, 1946, but no offers were received. On January 15, 1947, an agreement for sale was signed with Canadian Exploration, Limited.

From the evidence received the financial aspects of the deal were established as follows:

The price paid for Emerald Mine by Wartime Metals Corporation was \$470,640. The total expenditures on development, buildings, machinery, equipment, were \$803,055.74, making a total of \$1,273,695.74. The total value of production shipped from the mine during period of operation amounting to \$263,787.98.

At the time operations closed in 1943 the value of the physical assets, as established at cost, totalled \$829,160.86.

After being closed for more than three years the mine was sold for \$950,000 to Canadian Exploration Limited. The terms provided for a payment of \$50,000 upon execution of the contract and the balance in instalments of 50 per cent of the net profits per year.

Up to May 31, 1950, the purchasing company has paid \$367,818.17.

Your Committee is of the opinion that the sale of Emerald Mine to Canadian Exploration, Limited, will result in the Government's ultimately recovering a vast proportion of the moneys disbursed on the project and even more than the marketable value of the physical inventories as of the date the mine was closed.

A copy of the minutes of proceedings and evidence of June 12th and 15th is appended hereto.

All of which is respectfully submitted.

L. PHILIPPE PICARD,  
*Chairman.*

TUESDAY, June 27, 1950.

The Standing Committee on Public Accounts begs leave to present the following as its

#### SIXTH REPORT

The Public Accounts of Canada contain the Balance Sheet of War Assets Corporation. Your Committee's attention was called to an amount of \$41,383,046.88 for accounts receivable as at March 21, 1949, and obtained a detailed breakdown of this amount.

As a check on the actual standing of deferred accounts receivable, your Committee decided to investigate those over one million dollars.

Eight of these items totalling \$16,595,671.20, or more than one-third of the total amount of accounts receivable, were under review.

Your Committee heard evidence from Mr. J. V. Clyne, Chairman of Canadian Maritime Commission and Park Steamships Limited, Mr. J. H. Tilley, General Manager, Park Steamships Limited, Mr. H. R. Malley, President and General Manager of Crown Assets Disposal Corporation and Mr. Louis Richard, Vice-President and Comptroller of Crown Assets Disposal Corporation, to whom your Committee wishes to express its appreciation for their help and co-operation.

From the evidence received, much of which was already available to Members as contained in parliamentary returns, your Committee came to the same conclusion as expressed by the Chairman of the Canadian Maritime Commission:—

the sale price of these ships in 1946 compares with the approximate sale price of similar ships which were sold by the United Kingdom Government and by the United States.

these ships were sold at a fair market price.

the sales which were made were advantageous sales to Canada.

As to the present state of these accounts, your Committee noted that one had been entirely paid, before due date, by the end of the last fiscal year; that over the last year Park Steamships acting as agents for Crown Assets have collected in advance \$10,846,453; that three purchasing companies were in arrears in their payments; but that in each of these three cases agreements were entered into, or in the course of being entered into, whereby the companies would:

assign the total net earnings of their ships to Crown Assets so that it will get all the money those ships will produce.

Your Committee noted with satisfaction the opinion expressed by the Chairman of the Canadian Maritime Commission "that the Government will collect every cent of the money that is outstanding".

A copy of the Minutes of Proceedings and Evidence of June 22 is appended hereto.

All of which is respectfully submitted.

L. PHILIPPE PICARD,  
*Chairman.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 20, 1950.

The Standing Committee on Public Accounts met in camera at 10 o'clock a.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Anderson, Ashbourne, Boisvert, Boivin, Brisson, Browne (*St. John's West*), Croll, Drew, Fleming, Fraser, Kirk (*Digby-Yarmouth*), Langlois (*Gaspé*), Larson, Macdonnell, Major, Picard, Pinard, Prudham, Richard (*Ottawa East*), Robinson, Thatcher, Winkler.

The Chairman explained that, in accordance with the decision reached at the last meeting, the meeting had been called in camera to discuss the Committee's agenda for the remainder of the Session.

Mr. Richard moved that the Committee proceed to an examination of the accounts of the Department of Agriculture.

After discussion, and by leave of the Committee, Mr. Richard's motion was withdrawn.

It was agreed that the next order of business be an examination of the deferred accounts receivable of War Assets Corporation as at March 31, 1949, a statement of which is printed as *Appendix A* to the minutes of proceedings and evidence for Tuesday, June 6. It was also agreed that a detailed examination of individual accounts be limited to those in excess of one million dollars.

At 11 o'clock a.m. the Committee adjourned until Wednesday, June 21, at 2.30 o'clock p.m.

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WEDNESDAY, June 21, 1950.

The Standing Committee on Public Accounts met in camera at 2.30 o'clock p.m., the Chairman, Mr. L. Phillippe Picard, presiding.

*Members present:* Messrs. Anderson, Balcer, Benidickson, Blue, Browne, (*St. John's West*), Cauchon, Fleming, Fraser, Gauthier (*Portneuf*), Helme, Johnston, Larson, Macdonnell, Picard, Pinard, Richard (*Ottawa East*), Stewart (*Winnipeg North*), Warren, Winkler, Wright.

The Chairman presented a draft of a third report to the House.

Mr. Benidickson moved that the following words be inserted after the words *and the like* in the third sentence of the seventh paragraph of the report as drafted: *when not due to employees' negligence*.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Fleming moved that the words *for the space it occupies*, at the end of the eighth paragraph of the report as drafted, be deleted and the words *in respect of the space which it occupies* be substituted therefor.

After discussion, and the question having been put on the said motion, it was agreed to.

The report, as amended, was adopted and the Chairman ordered to present it to the House forthwith.

At 3.15 o'clock p.m. the Committee adjourned to the call of the Chair.



THURSDAY, June 22, 1950.

The Standing Committee on Public Accounts was called for 10 o'clock a.m. At 10.20 a.m. the following members were present: Messrs. Ashbourne, Benidickson, Cauchon, Fleming, Fraser, Macdonnell, Picard, Thomas, Winkler.

There being no quorum, the Chairman postponed the meeting until 2.30 o'clock p.m. this day.

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The Committee met at 2.30 o'clock p.m., the Chairman, Mr. L. Phillippe Picard, presiding.

*Members present:* Messrs. Benidickson, Blue, Cauchon, Cavers, Cleaver, Croll, Fleming, Fulford, Fraser, Gauthier (*Portneuf*), Kirk (*Digby-Yarmouth*), Johnston, Langlois (*Gaspé*), Larson, Major, Macdonnell, Picard, Pinard, Prudham, Sinclair, Thatcher, Thomas, Winkler, Wright.

*In attendance:* Mr. H. R. Malley, O.B.E., President and General Manager, and Mr. Louis Richard, Vice-President and Comptroller, Crown Assets Disposal Corporation; Mr. J. V. Clyne, Chairman, Canadian Maritime Commission; Mr. J. H. Tilley, General Manager and Secretary, Park Steamship Company Limited.

The Committee proceeded to an examination of the deferred accounts receivable of War Assets Corporation as at March 31, 1949.

Messrs. Malley Richard, Clyne and Tilley were called, questioned and retired.

At 4.25 o'clock p.m. the Committee adjourned to the call of the Chair.

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MONDAY, June 26, 1950.

The Standing Committee on Public Accounts met in camera at 2.30 o'clock p.m., the Chairman, Mr. L. Philippe Picard, presiding.

*Members present:* Messrs. Ashbourne, Benidickson, Brisson, Cleaver, Croll, Drew, Fleming, Fulford, Fraser, Kirk (*Antigonish-Guysborough*), Langlois (*Gaspé*), Macdonnell, Major, Maybank, Picard, Pinard, Prudham, Robinson, Sinclair, Winkler.

The Chairman presented a draft of a fourth report to the House.

In the absence of Mr. Drew, consideration of the said report was deferred until later this day.

The Chairman presented a draft of a fifth report to the House.

Mr. Drew moved that the penultimate paragraph of the said report as drafted be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

After further discussion, the said report as drafted was adopted on division, and the Chairman ordered to present it to the House forthwith.

The Chairman presented a draft of a sixth report to the House.

Mr. Drew moved that the following quotations from the evidence of the Chairman of the Canadian Maritime Commission, appearing in the fifth paragraph of the said report, be deleted:

"these ships were sold at a fair market price".

"the sales which were made were advantageous to Canada".

After discussion, and the question having been put on the said motion, it was negatived.

After further discussion, the said report as drafted was adopted on division, and the Chairman ordered to present it to the House forthwith.

The Committee resumed consideration of the draft of the Fourth Report.

Mr. Drew moved that paragraph 14 of the said report as drafted, commencing with the words *The net recovery* and ending *paid under the lease option agreement*, be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Drew moved that paragraph 15, commencing with the words *Your Committee* and ending *the project as at the time of disposal*, be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

Mr. Drew moved that paragraphs 7 to 10 inclusive, commencing with the words *During the course of the examination* and ending *as produced to your Committee*, be deleted.

After discussion, and the question having been put on the said motion, it was negatived.

After further discussion, the said report as drafted was adopted on division, and the Chairman ordered to present it to the House forthwith.

At 4.10 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

Thursday, June 22, 1950.

The Standing Committee on Public Accounts met this day at 2.30 p.m. The Chairman, Mr. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, I see a quorum. We have with us today Mr. Malley, President of the Crown Assets Disposal Corporation, and Mr. Richard, the Vice-President of that corporation. We are to deal with the accounts receivable of War Assets Corporation and particularly with certain items of the Deferred Accounts. I think we stated the other day in the committee when we sat in camera that we would deal especially with those items over \$1 million so as to be certain to have a chance to cover them in a given number of meetings. If we begin with one item, I would like very much to conclude with that item in connection with the witnesses that we have, before we go on to another item. The witnesses are yours, gentlemen.

Mr. MACDONNELL: Mr. Chairman, the first large item is that of the Acadia Overseas Freighters Limited, in the amount of \$4,982,680.61. These figures are of the 31st of March, 1949?

Mr. MALLEY: That is right.

Mr. MACDONNELL: Can you give us the figures indicating the original price and so on?

The CHAIRMAN: I think Mr. Richard would be the one to answer your question.

Mr. MALLEY: Might I make a suggestion, Mr. Chairman?

The CHAIRMAN: The question has been asked as to how these accounts stand. It does not concern any peculiar point about them, but just how they stand and the price paid and so on. I think Mr. Richard has that information in his possession and I would like him to give us the figures.

Mr. RICHARD: Mr. Chairman, the price paid for these vessels was \$7,572,906.

Mr. MACDONNELL: How many vessels were there, and what were the prices and the terms of payment?

Mr. RICHARD: There were sixteen vessels involved and the prices were based upon an asking price less depreciation up to the date of delivery, which gave various prices.

Mr. MACDONNELL: Give us the total book value or the total price. I think that would save time, instead of giving us the prices for each ship, unless some one wants them. Tell us what they are stated at on your books and what you got for them.

Mr. RICHARD: We have not got the original cost of the vessels on our books.

Mr. MACDONNELL: How did you carry them, then?

The CHAIRMAN: When were they transferred to War Assets?

Mr. RICHARD: They would be transferred, and they were actually transferred to War Assets at the time they were declared surplus.

The CHAIRMAN: And when would that be?

Mr. RICHARD: That would be around 1946 or 1947.

Mr. FRASER: Are these Park Steamship Boats?

Mr. RICHARD: Yes.

The CHAIRMAN: We have with us today the officials of the Maritime Commission who were with the Park Steamships. So I would now ask Mr. Clyne, the Chairman of the Maritime Commission, to come forward.

Mr. CAUCHON: By whom were they declared surplus?

Mr. RICHARD: By Park Steamships.

The CHAIRMAN: As I was saying, we have with us today Mr. J. V. Clyne, Chairman of the Canadian Maritime Commission and President of the Park Steamship Company, and he is accompanied by Mr. J. H. Tilley, General Manager of the Park Steamship Company. I think these gentlemen will answer certain of the questions with respect to the original prices.

Mr. MACDONNELL: The question I would like to get an answer to is: At what figure were they carried? There must have been some figure which was used and which was in mind when they were sold. There must have been some target at which you were shooting.

The CHAIRMAN: Park Steamships acted as agents for the sale.

Mr. CLYNE: I assume, sir, that the figure you require would be the cost of construction. Those particulars are contained in Sessional Paper 177 which was tabled on March 16, 1949.

Mr. FRASER: Tabled in the name of Mr. MacGregor?

The CHAIRMAN: The name is usually shown at the top of the sessional paper.

Mr. CLYNE: No. Tabled in the name of Mr. Hazen. And in the statement furnished in that answer the cost of construction of each ship individually is given. They started off with the first ship *Frontenac Park*, at \$1,675,714.41.

Mr. MACDONNELL: From my point of view I would be satisfied if we could get the total cost of construction if it is available, and then we would know how the sale price related to it, or any other significant figure.

Mr. CLYNE: I have not totalled these figures up. I might give you a rough figure.

Mr. THATCHER: On a point of order, Mr. Chairman, it may be that I do not understand this. But I cannot see why we are going back to 1944, 1945, and 1946 when the Public Accounts that we should be dealing with should be just for the year past.

The CHAIRMAN: No, Mr. Thatcher. We are not going into the details of the sale. But in the Public Accounts of this year there is a balance sheet given and the figure for accounts receivable of some \$41 million odd. I think Mr. Drew asked for a break-down of that amount. We got the break-down and we agreed at the last meeting in camera of this committee to give an opportunity to the members to ask questions about these deferred accounts. The figure is there in the books of War Assets, and we are to hear how the sales price compares with the purchase price or the cost price of these boats and any information we may wish to obtain as to the present state of these accounts. We agreed to limit it to the twelve largest figures in this list so that we could actually cover the questions. We cannot go into all the details, because they have been covered by the War Expenditures Committee. But I do not think we can deny to a member who is asking a question the opportunity of obtaining an answer.

Mr. THATCHER: I see.

The CHAIRMAN: We are discussing this year the balance sheet of War Assets in which is included accounts receivable as at March 31, of some \$41

million or something like that. Mr. Drew asked for a break-down of it. We now have it and in addition we have the witnesses who can answer questions but not on the whole transaction because it has been covered in the past. The members are entitled to ask what these ships cost and what were the conditions of sale. These figures mean something and we can have answers on them. They relate to the Public Accounts.

Mr. MACDONNELL: Here we have, as the chairman pointed out, a balance.

Mr. CROLL: Mr. Chairman, I think Mr. Clyne was in the middle of giving an answer. Why not let him finish his answer.

The CHAIRMAN: Yes, we can add it up ourselves afterwards.

Mr. CLYNE: The cost of construction of these vessels was \$276.9 millions; and the estimated amount of the recoveries is \$204.7 millions.

The CHAIRMAN: That is on which ships?

Mr. CLYNE: All the ships under consideration.

The CHAIRMAN: The Acadia Overseas Freighters Limited?

Mr. CLYNE: No, the whole thing.

Mr. MACDONNELL: No, no, no. I am asking about Acadia Overseas Freighters Limited.

Mr. CLYNE: I am very sorry, sir.

Mr. THATCHER: What page are we dealing with?

Mr. CLYNE: 1947, volume 5, at page 4202.

Mr. MACDONNELL: We have certain transactions entered into and we want to see what the present state of them is. So in order to see what the present state is, we must know what the original state was.

Mr. CLYNE: Here are the sale prices: the total account of Acadia Overseas Freighters Limited and Acadia Overseas Freighters Halifax Limited which is included in the one item was \$8,996,004.09, and as of the 31st of March, 1949, that account was reduced to what is shown in the statement as \$4,982,680.61; and the present amount outstanding is \$3,171,541.33.

Mr. MACDONNELL: Are you able to tell us how the sale price of \$8.9 million compares with the cost of construction of the vessels involved, how that price compares with the original amount of our investment?

Mr. CLYNE: The figures I have in my department do not show the original cost of these vessels.

Mr. MACDONNELL: I thought you started out to give us the figures of the cost of construction.

Mr. CLYNE: Yes, but I have not got the particular vessels here. They are all contained in the return which I have just mentioned.

Mr. MACDONNELL: Well, I am very disappointed that they are not here because here we are, and we want to get a picture.

The CHAIRMAN: It is only a matter of his finding them among the material he has with him.

Mr. MACDONNELL: Very well.

The CHAIRMAN: Can you locate in that list the ships which Canada sold to Acadia Overseas Freighters in the amount of some \$8 million odd? Can you find out how much they cost?

Mr. CROLL: Are they not set out in the agreement?

Mr. CLYNE: Yes.

Mr. CROLL: Well, you can just check it.

Mr. MACDONNELL: What are you reading from?



Mr. CLYNE: I am reading a list of the Park vessels sold as follows: *Fort Astoria*, *Fort Brisebois*, *Fort Kaskaskia*, *Fort Kullyspell*, *Fort La Baye*, *Fort Prudhomme*, *Fort Venango*, *Fort Wallace*, *Frontenac Park*, *Kildonan Park*, *Lakeview Park*, *Riverview Park*.

Mr. MACDONNELL: Have you got the cost of construction of these ships?

Mr. CLYNE: I can give you the cost of construction. *Fort Astoria* \$1,789,964.95; *Fort Brisebois* \$1,503,135.75; *Fort Kaskaskia* \$1,693,096.49; *Fort Kullyspell* \$1,740,476.60; *Fort La Baye* \$1,653,528.36; *Fort Prudhomme* \$1,646,952.06; *Fort Venango* \$1,660,946.56; *Fort Wallace* \$1,525,222.87; *Frontenac Park* \$1,675,714.41; *Kildonan Park* \$1,705,559.19; *Lakeview Park* \$1,704,427.33 and *Riverview Park* \$1,490,480.03.

Mr. MACDONNELL: I hope there is someone here who can add better than I can.

Mr. FLEMING: That comes to just twelve; I understand there were fifteen sold.

Mr. CLYNE: I have given you the Acadia Overseas Freighters Limited. I mentioned there were two companies concerned, but they are both shown as Acadia Overseas Freighters Limited; the other is Acadia Overseas Freighters (Halifax) Limited. If you would like to go on to the second company I will do that.

Mr. FLEMING: Does the figure of \$4,982,680.61 cover the sixteen vessels, or the twelve?

Mr. CLYNE: That applies to the sixteen.

Mr. FLEMING: We had better have the other four included then.

Mr. CLYNE: The *Fort Wellington*, \$1,980,000; the *Fort Mingan*, \$1,487,000; the *Fort Mattagami*, \$1,803,000; the *Fort Capot River*, \$1,705,000; the *Fort Moose*, \$1,642,000.

Mr. FLEMING: We are up to sixteen now.

Mr. CLYNE: I am going further than that because actually I think Mr. Richard was dealing with the number of ships which were owned by these companies at the time of March 31, 1949. Those companies actually bought more ships and have sold them but that was the number of ships that they owned as of March 31, 1949.

Mr. MACDONNELL: But how many entered into this Acadia Overseas Freighters Limited item of \$4,900,000? That is where we started, and I would like to be clear on that before we go on to anything else.

Mr. CLYNE: As of the 31st of March, 1949, there were sixteen vessels owned.

Mr. FLEMING: It was in respect of those that this \$4,900,000 was outstanding?

Mr. CLYNE: Yes.

Mr. FLEMING: Now, you have given us apparently—

The CHAIRMAN: Their original sales price was \$8,996,000.

The CHAIRMAN: You have given us seventeen here, should it be seventeen or sixteen?

Mr. CLYNE: Sixteen as of March 31, 1949.

The CHAIRMAN: So which one of these seventeen should we not include in the totals we are making up now? From the list we have in the record already which one is to be subtracted?

Mr. CLYNE: There are three ships to subtract, the *Fort Astoria*—

The CHAIRMAN: I mean the figures that have to be subtracted because we have already made up our additions.

Mr. RICHARD (*Ottawa East*): What is the witness reading from now?

Mr. CLYNE: I am reading from the return, Mr. Chairman.

Mr. RICHARD (*Ottawa East*): Rehashing old returns?

Mr. CAUCHON: We have that already in the record.

Mr. CLYNE: The *Fort Astoria* was \$1,789,000; the *Fort Venango*, \$1,660,000; and the *Lakeview Park*, \$1,704,000. Those are the three ships that were sold.

The CHAIRMAN: Leaving a total of sixteen ships against which there is due the amount which was previously given, \$4,982,680. Mr. Macdonnell, I think, wants to get what was the cost of the ships represented in the sale price of \$8,996,000. If we could get that then we could make the comparison. That is what you have in mind, Mr. Macdonnell?

Mr. FRASER: I make it, roughly, about \$22 million.

The CHAIRMAN: Yes, about that, about \$22 million according to such amateur arithmeticians as Mr. Fraser and I are.

Mr. FRASER: Is that not what you make it, about?

The CHAIRMAN: Yes; from which recovery was made of \$8,996,000.

Mr. CLYNE: I do not think that is quite correct, Mr. Chairman, if I may say so. Those figures merely refer to the recovery by way of sales; they do not include the recovery which was made by the government out of the operation of the ships.

The CHAIRMAN: Oh, I see.

Mr. CLYNE: And I am afraid that I can only give you that general figure which I have previously given, that out of the general operation and sale of all ships which were managed by the Park Steamship Company, the total recovery was about \$200 million.

Mr. MACDONNELL: You mean operation during what years?

Mr. CLYNE: The operations since the vessels were built up until the time they were sold.

Mr. MACDONNELL: That seems to me in one sense to be quite irrelevant so far as the sale price is concerned. Here we have things of a certain value—something around, say, \$22 million was the cost of construction—and it might be reasonable to ask you whether you thought the sale at \$8 million was a good sale.

The CHAIRMAN: Let us say \$9 million.

Mr. MACDONNELL: All right, let us say \$9 million. I recognize that when you are selling used goods you have to take a big discount but I would like to ask just what the situation was, what effort was made to get a better deal and could you say whether you thought that deal was a good one? Were you responsible for it?

Mr. CLYNE: No. I have been responsible for the Park Steamship Company since 1948, the beginning of 1948. These sales were made for the most part at the beginning of 1946, but I would be quite willing to answer that question to the best of my ability. These ships were war-built ships, all of a certain type. I think that the sales which were made were advantageous sales to Canada especially in view of my experience endeavouring to sell other vessels subsequently since I took over. We have had fifty-eight ships which were sold at the end of November 1947, and I——

Mr. MACDONNELL: When you say "we," whom do you mean?

Mr. CLYNE: I mean the Park Steamship Company acting as an agent on behalf of Crown Assets Disposal Corporation, and we have had the utmost difficulty in having purchasers complete their payments.

Mr. MACDONNELL: Well, now, another question: Acadia Overseas Freighters Limited—who are the owners of that, I mean who are the parties interested?

Mr. CLYNE: The Acadia Overseas Freighters Limited is a syndicate of ship owners headed by four brothers by the name of Kulukundis.

Mr. MACDONNELL: What part of the world do they live in?

Mr. CLYNE: They live in several parts. I think it would be fair to say that their domicile is in London. The Kulukundis group are quite a well known group of English Greek tramp shipowners.

Mr. MACDONNELL: I am not undertaking to say that to get a price of roughly one-third of the original cost was good or bad, but I want to know if you know of any comparable transaction at that time, to see if this was reasonable.

The CHAIRMAN: Your proportion is not quite right, Mr. Macdonnell, nine is not one-third, of twenty-two.

Mr. MACDONNELL: I said, roughly.

Mr. CLYNE: I would not care to give exact figures, sir, but I can say that the sale price of these ships in 1946 compares with the approximate sale price of similar ships which were sold by the United Kingdom government and by the United States.

Mr. MACDONNELL: Was there any commission paid?

Mr. CLYNE: In respect to the ships that we are discussing here, there were no commissions. There were certain commissions, I believe, in connection with ships which were sold foreign. These ships we are dealing with now are ships sold to domestic purchasers.

Mr. CAUCHON: That is in *Hansard*.

Mr. MACDONNELL: I am quite aware it is in *Hansard*, but either we are talking to people who knew about this transaction or we are not. We are trying, with some difficulty, and I must say the chairman is giving us all the assistance he can, to get this figure and tell us what it means. I think it is relevant to the question to ask if commissions were paid or not, and to whom.

Mr. CLYNE: I am sorry; I was endeavouring to make it clear that there were no commissions paid in respect of the ships that we are dealing with, and sold to the Acadia Overseas Freighters Limited and the Acadia Overseas Freighters (Halifax) Limited. There were no commissions paid.

Mr. FRASER: That was a direct war asset sale to the Acadia company?

Mr. CLYNE: Yes.

Mr. MACDONNELL: The reason I asked it is that I had a recollection that this was so; that there was a question of commission, but you say it did not apply to these ships?

Mr. CLYNE: No. It did not.

Mr. MACDONNELL: Now, the next thing. What are the terms of payment of this \$9 million odd? Have the terms of payment been pretty well kept up?

Mr. CLYNE: Yes, they have. We have collected the difference between \$4,982,000 and \$3,171,541.

The CHAIRMAN: During the past year?

Mr. CLYNE: During the past year.

Mr. MACDONNELL: And the ships are still in operation?

Mr. CLYNE: Yes.

Mr. MACDONNELL: By the same purchaser?

Mr. CLYNE: Yes.

Mr. MACDONNELL: And doing well?



Mr. CLYNE: The remaining ships are. I mentioned that there were nineteen ships of which there were only sixteen left as of March 31, 1949, three having been sold, and during the year four others have been sold, leaving the present number of ships at twelve.

Mr. MACDONNELL: And those ships are being operated?

Mr. CLYNE: Yes.

Mr. MACDONNELL: And do you know the position of the company at this time, I mean have you kept in touch with the position of the company and are you satisfied there is every likelihood of the balance being paid?

Mr. CLYNE: We have kept in touch with these companies very very closely not only as Park steamships but as the Maritime Commission and I am frankly satisfied that the government will collect every cent of the money that is outstanding.

Mr. FRASER: They are insured so that you can recover?

Mr. CLYNE: We are fully insured in respect of all these ships.

Mr. FRASER: Mr. Macdonnell mentioned the fact a few moments ago that the amount received from the sale price was about one-third of the cost and the chairman corrected him. Now, I just wondered. When these ships were sold they were "all found," also, at the same time; everything was on them, more equipment than what the original price was for?

Mr. CLYNE: Yes.

Mr. FRASER: Well, that would bring it to, say, that the sale price would really be about one-third of the cost?

Mr. CLYNE: I think that would be a fair statement.

Mr. CHAIRMAN: We will not fight on the difference between one-third and one-half.

Mr. FRASER: I just wanted to be a little technical, Mr. Chairman.

Mr. CLYNE: Of course, I do not know whether this is relevant or not but I still should point out that there was a substantial operating profit made out of these ships before they were delivered to the purchasers, and that the purchasers took them on an "as is where is" basis, so I think that we made a very good recovery actually, having regard to the fact that we were turning them over in a second-hand condition.

Mr. MACDONNELL: Well, that would not have any affect on the price which you then asked, which presumably was on the condition of the market and the state of the ship at that time.

Mr. CAUCHON: It is, of course, interesting to know that they had made a previous profit.

Mr. CLYNE: Yes. I think that it is true that these ships were sold at a fair market price; in fact, I think we may have got a little more.

Mr. MACDONNELL: Was the state of the shipping market weak at that time?

Mr. CLYNE: No, freights were reasonably good but inevitably, the thing that depressed the sale market was the very great number of American 'Liberties'.

Mr. WRIGHT: As this company disposes of the assets does it make a return?

Mr. CLYNE: Park Steamships acts as agents for War Assets. It reports to War Assets. Likewise, Park Steamships makes a return to the government itself. The Canadian Maritime Commission, the commissioners of which are directors of the Park Company, also makes an annual report to the government.

Mr. MACDONNELL: You have the purchasers—a name which I cannot pronounce: you have the Maritime Commisison; and then you have Park Steam-

ships. I can understand the need for the Maritime Commission, but what function does Park Steamships perform between the Maritime Commission and the operators of the ships?

Mr. CLYNE: Park Steamships is really under the management of the commission and in fact the commission operates Park Steamships. Park Steamships is really a skeleton company.

Mr. MACDONNELL: What kind of a skeleton is it? Does it own anything now?

Mr. CLYNE: No.

Mr. MACDONNELL: Does it operate? Does it act as an operating agent?

Mr. CLYNE: Park Steamship Company is now actually winding itself up. It originally operated all those vessels on behalf of the Crown.

Mr. MACDONNELL: On behalf of who?

Mr. CLYNE: The Crown. It acted as agent in the sale of the vessels and in respect of the various operations which occurred previously. It is now winding up its affairs. There are a good many insurance claims and I have found it advisable to keep Park Steamships alive as an entity.

Mr. MACDONNELL: Who are the officials of Park Steamships, are they the officials of the Canadian Maritime Commission?

Mr. CLYNE: The president is myself, and we have two directors who are members of the Commission.

Mr. MACDONNELL: Let me shorten it. All I am getting at is that there are not two parallel groups of men—Park Steamships is really a convenient name to carry out certain duties of the Maritime Commission; is that correct?

Mr. CLYNE: We have kept Park alive as an agent for War Assets. The situation as I found it when I came down here was that Park Steamship Company was operating out of Montreal. At that time it had a staff of 40 or 50 people. I decided that it would be advisable to bring Park Steamship Company to Ottawa. We reduced the staff to about 8, effected a saving of rents, and the net result was a saving of about \$75,000 a year.

Mr. MACDONNELL: What is the staff now?

Mr. CLYNE: There are 6 people on the staff.

Mr. FRASER: What do they do—mostly accounting?

Mr. CLYNE: It is practically all accounting and collecting insurance claims, of which, of course, there are naturally a number over the period of operation.

The CHAIRMAN: Are there any further questions on Acadia Overseas Freighters before we deal with another matter?

Mr. MACDONNELL: Andros Shipping Company Limited is perhaps next. Mr. Clyne might answer the same questions.

Mr. CLYNE: The number of vessels purchased were nine; the original obligation was \$4,988,891.

Mr. MACDONNELL: Who was the purchaser?

Mr. CLYNE: Andros Shipping Company Limited.

Mr. MACDONNELL: Who are the personnel there?

Mr. CLYNE: The name of the principal shareholder is Goulandris.

Mr. MACDONNELL: Is that another London-Greek shipping company?

Mr. CLYNE: Yes. The amount outstanding at the 31st March, 1949 was \$2,744,818.93. The balance of this account at the moment is \$1,180,174.72.

Mr. MACDONNELL: Does that mean the payments have been kept up to date?

Mr. CLYNE: Yes. As a matter of fact we are actually collecting mortgage payments in advance. Wherever I see an opportunity of getting money in

advance I have been doing so. As a matter of fact, over the last year if you care to have the figure, we have collected in advance \$10,846,458. That may or may not be relevant.

Mr. MACDONNELL: It is interesting.

Mr. CAUCHON: That is good business anywhere.

Mr. FRASER: That is in regard to these Park ships?

Mr. CLYNE: I do want to get this money in as soon as possible, in view of the declining freight market.

Mr. MACDONNELL: I wonder if we could go back to a question I asked a moment ago—was there any commission paid here?

Mr. CLYNE: No.

Mr. MACDONNELL: Well your previous answer seemed to me to indicate what was my recollection of the question some years ago—that while there was no commission paid in respect of these particular ships, there had been commission paid in respect of others.

The CHAIRMAN: We will see about that when we come to the other items. We will clear each item up separately.

Mr. MACDONNELL: You have too logical a mind, Mr. Chairman.

Mr. CLYNE: I can clear up that question very quickly. There have been no commissions paid in respect of any of these ships which are mentioned in the statement we are dealing with.

The CHAIRMAN: That solves the problem.

Mr. CLYNE: If you would like me to run through these very quickly I could do so. G & T Shipping—

Mr. MACDONNELL: The only other question I have there is one Mr. Clyne really answered. This company you consider is in good shape and the balance of the purchase is secure?

Mr. CLYNE: Yes.

Mr. MACDONNELL: What is the time limit? When are the remaining instalments due?

Mr. CLYNE: The ships were sold on the basis of payments over seven years. These ships were sold to Andros in 1946. Payments will all be completed by 1953, but I believe that I can get the thing cleaned up more quickly than that.

Mr. MACDONNELL: You spoke of trying to get payments in because of the weakening state of the shipping market. Have you got any coverage apart from the value of the ships themselves or do you look really to the ships? You have nothing in addition of value?

Mr. CLYNE: No the ships are the security.

The CHAIRMAN: Are there any other questions on Andros Shipping?

Mr. FRASER: Those are all of British registry?

Mr. CLYNE: No, Andros will be permitted to transfer, if it desires to do so, three of those ships to British registry.

Mr. MACDONNELL: The others will remain Canadian?

Mr. CLYNE: So far they have not applied for any more, and I think I can safely say the others will remain under Canadian registry.

Mr. FRASER: And they have to remain under a Canadian registry until they are paid for?

Mr. CLYNE: No, that was the term of the original agreement but, under the situation as it existed last year, it was found necessary to transfer some ships to the United Kingdom registry, while keeping the ownership Canadian.



The CHAIRMAN: Are there any further questions on Andros Shipping? What is the next item you wish to take?

Mr. MACDONNELL: G & T Shipping.

Mr. CLYNE: The number of vessels purchased was 3; the original obligation was \$1,582,500; the amount outstanding at March 31, 1949, was \$1,201,518.54; and the full amount of the mortgage has been discharged and there is nothing left. That item is now paid in full.

The CHAIRMAN: As of 1950?

Mr. CLYNE: As of today.

Mr. MACDONNELL: In other words, that \$1,201,000 has been paid off?

Mr. CLYNE: Yes.

Mr. MACDONNELL: What was the construction cost of those three vessels?

Mr. CLYNE: I can give you the actual figures:

The *Fort Caribou*—\$1,554,000; the *Fort Beausejour*, \$1,778,000; the *Fort Chesterfield*, \$1,540,000.

Mr. McILRAITH: I wonder if it would save some time if it were stated that all this information appears in Sessional Paper 177—that is the original cost and the sale price?

Mr. MACDONNELL: After all, it only takes a moment to give it here.

The CHAIRMAN: I understand that Mr. McIlraith just wishes you to know where the information is if you want it.

Mr. MACDONNELL: How about the Ivor Shipping Company Limited?

The CHAIRMAN: Are there any more questions on the G & T Shipping Company?

Mr. MACDONNELL: You cannot ask questions when it is all paid off.

The CHAIRMAN: Ivor Shipping Company, Limited.

Mr. CLYNE: \$1,582,500 was the amount of the original obligation. The balance outstanding as of March 31st, 1949 was \$1,206,602.05. The amount outstanding in respect of those ships is \$1,186,875—you will see there has not been much of a reduction.

Mr. MACDONNELL: I missed the purchase price, would you mind giving it again?

Mr. CLYNE: \$1,582,500.

Mr. MACDONNELL: Are the payments up to date?

Mr. CLYNE: No, this company is in arrears to the extent of \$211,958.14. The company has been unable to secure employment for its ships and the three ships have been laid up for the last eight or nine months. These, by the way, are coal burning vessels. They now propose to invest further money in these ships by way of converting them from coal to oil.

Mr. MACDONNELL: When you say 'they' you mean the owners?

Mr. CLYNE: Yes. That cost of conversion will be somewhere in the neighbourhood of \$40,000 or \$50,000 per ship and the arrangement which I have made with them is that, if they make that additional investment to convert the ships, they will assign the total net earnings of the ships to Crown Assets so that we will get all of the money that those ships will produce.

Mr. MACDONNELL: And you think there will be prospect of their doing that—or first of all, are you satisfied it is a sound step to take?

Mr. CLYNE: Yes; my other alternative is to seize the ships.

Mr. MACDONNELL: To what?

Mr. CLYNE: Seize the ships. The last sale of a ship of this kind was a British vessel of similar type which produced 72,000 pounds, and I feel this is the most advantageous arrangement, that is to accept the assignment of the net earnings.

Mr. MACDONNELL: You think it is better to let them carry on—do you think they are good managers?

Mr. CLYNE: Yes, they are experienced shipping people and so long as I get the net revenues I will be satisfied.

Mr. FRASER: Where do they generally carry from?

Mr. CLYNE: They are tramp owners.

Mr. FRASER: They will be carrying for independent companies?

Mr. CLYNE: Their ships will be available for charter and the advantage we have here is that under the arrangement which has been made with the United Kingdom government these ships can be transferred to the United Kingdom flag and will be able to earn revenues by participating in the sterling freight market and, under the arrangement made with the British government, the net profits will be permitted to be transferred to Canada in dollars—and we will get them.

Mr. MACDONNELL: But you have hopes that they will again be in operation and earn a profit?

Mr. CLYNE: Yes.

The CHAIRMAN: Next item? P. & T. Steamship Company.

Mr. CLYNE: Three ships; \$1,582,500 was the original purchase price under that obligation. These figures are exactly the same as the others. The amount outstanding was \$1,208,215.32 as of March 31, 1949; and at the present time the company owes \$1,186,875.

Mr. MACDONNELL: That is the same as the others?

Mr. CLYNE: Exactly the same; three ships with precisely the same position.

Mr. MACDONNELL: Are they the same owners?

Mr. CLYNE: No, not the same owners but they have also been laid up. They are exactly the same type of ship as those of the Ivor Shipping Company Limited. The company is not in good financial position and we have had an audit made within the last month and that audit has just been received and is now before the commission for action.

Mr. MACDONNELL: What is the P. & T.?

Mr. CLYNE: My Greek is not as good as it was, but I can tell you that the principal shareholder likewise resides in Montreal.

Mr. MACDONNELL: Is he an experienced operator?

Mr. CLYNE: I would say that he has not the same experience as the other owners with whom we are dealing.

Mr. MACDONNELL: Has he in fact had other steamship experience?

Mr. CLYNE: Yes, he has operated and does operate other steamship companies.

Mr. MACDONNELL: Are you satisfied in his case to leave it in his hands; that is, are there other people whom you consider as having better experience?

Mr. CLYNE: Frankly, is some proper proposal is not made to us within the next month I would consider it advisable to take steps to recover these vessels.

Mr. MACDONNELL: Can that be done expeditiously?

Mr. CLYNE: Yes.

Mr. MACDONNELL: That brings us to Seaboard.

The CHAIRMAN: No, Saguenay terminals.

Mr. CLYNE: The number of ships involved was ten originally and the obligation was \$4,529,650.

Mr. MACDONNELL: Have you the original cost figure?

Mr. CLYNE: The original cost of those ships—I will have to return to the sessional paper in order to get that—

Mr. MACDONNELL: I won't press it, just roughly, is it the same proportion?

Mr. CLYNE: Roughly these ships cost a little less—\$1,403,000, \$1,413,000, \$1,386,000—approximately the same as the others.

Mr. MACDONNELL: But will you give us the rest of them? You have given us three and I think you said there were ten.

Mr. CLYNE: \$1,088,000, \$1,698,000, \$1,124,000, \$1,702,000, \$1,061,000, \$1,897,000, \$1,753,000.

Mr. MACDONNELL: The proportion is not so very different, it is proportionately the same sale price?

Mr. CLYNE: It is approximately the same price.

Mr. MACDONNELL: Then you have \$4,500,000 and I think only \$2,200,000—is that up to date?

Mr. CLYNE: No, it is more than up to date—as of March 31, 1949, the balance was \$2,256,000 and that has now been reduced as of today to \$461,132.

Mr. MACDONNELL: And the company is in good shape?

Mr. CLYNE: And the company is in good shape.

The CHAIRMAN: The next item is Seaboard.

Mr. CLYNE: Seaboard owners, six vessels, the original obligation \$3,013,000; and the amount outstanding—

Mr. MACDONNELL: Might I interject this question? Was there more or less a proportion of original cost that you used pretty well across the board?

Mr. CLYNE: All these ships were sold on a sales formula which was identical for the different types of ship.

Mr. MACDONNELL: When you say "sales formula", have you some method of arriving at the sale price in relation to the original cost?

Mr. CLYNE: Yes.

Mr. MACDONNELL: When I interrupted you you were giving us some figures.

Mr. CLYNE: Seaboard owners—the amount outstanding as of March 31, 1949, was \$1,614,000; the amount outstanding today is \$1,291,540. The shares of this company were sold to the Triton Steamship Company Limited.

Mr. MACDONNELL: Just a moment, were we at seagull?

The CHAIRMAN: No, Seaboard.

Mr. MACDONNELL: Seaboard, yes; is that the one with \$461,000?

Mr. CLYNE: No, that is Saguenay terminals.

The CHAIRMAN: Mr. Clyne is speaking about Seaboard.

Mr. MACDONNELL: Would you just give the Seaboard figure again, the amount outstanding now?

Mr. CLYNE: The amount owing now is \$1,291,540.

Mr. MACDONNELL: Instead of \$1,614,000?

Mr. CLYNE: Yes.

Mr. MACDONNELL: Is that up to date?

Mr. CLYNE: No, they are in arrears by \$370,000.

Mr. MACDONNELL: What about that?



Mr. CLYNE: I have done with them the same as I did with the others. They are to assign to us all of their net earnings and we will receive everything that they get out of these ships.

Mr. MACDONNELL: They are operating still?

Mr. CLYNE: They are.

Mr. MACDONNELL: Making an operating profit?

Mr. CLYNE: Yes. You see the difficulty which arose was that after devaluation there was a very rapid drop in the freight market and it was quite impossible for Canadian ships to make any kind of a profit at all, but an arrangement has been made with the United Kingdom to handle these ships under British registry where they can earn a reasonable profit.

Mr. MACDONNELL: Will they still be under the Canadian flag?

Mr. CLYNE: No, under the United Kingdom flag.

Mr. MACDONNELL: Does that apply to all the ships?

Mr. CLYNE: No, Andros is operating an inter-coastal service and will continue to operate under the Canadian flag as well as other companies. These ships of Seaboard Owners Limited are tramp ships and it is quite impossible for them to make any profit under the Canadian flag.

Mr. THOMAS: How many ships are the Seaboard company operating now?

Mr. CLYNE: Seaboard at the moment has two ships laid up pending transfer to the United Kingdom flag.

Mr. THOMAS: What happened there?

Mr. CLYNE: What happened there was this. Seaboard Owners Limited was a company formed by Seaboard Lumber Sales Limited which consisted of a group of mills in British Columbia and the shareholders sold their shares to the Triton group. The company did not transfer its assets.

Mr. THOMAS: The deal just involved the transfer of shares?

Mr. CLYNE: Yes.

Mr. FRASER: You said these ships could not make any money under the Canadian flag while under the British flag they could; is that owing to the fact that there are restrictions against our ships?

Mr. CLYNE: There are, in this way, that our ships must earn dollars in order to meet their expenses which are in dollar expenditures. The dollar freight market is diminishing. You see, Canadian ships do not participate in E.C.A. cargoes which are limited 50 per cent to American bottoms and 50 per cent to bottoms operated by recipient countries; so that if some method is not found for them to participate in the sterling trade market we cannot possibly operate our ships. Cargoes are offering every day with freights payable in sterling.

Mr. FRASER: Then American ships are in a preferred position. They use their own boats.

Mr. CLYNE: No. The thing that is keeping the American fleet operating is the provisions of E.C.A. whereby 50 per cent of those cargoes must be carried in American bottoms; but as far as that goes American ships are being laid up steadily. My latest figure showed about 1,900 ships returned to the government on account of being unable to operate at a profit.

Mr. FRASER: You say they were returned to the American government. Would these be new ships?

Mr. CLYNE: These are ships which the American government owned and which were chartered under favourable conditions.

Mr. LARSON: Were any of these ships of what was known as the Liberty ship type? Can you tell us something about their speed?

Mr. CLYNE: Their speed is 11·5 and 12 knots; of course, they do not always make 11·5 to 12 knots but some of them are still making pretty good time, keeping up a fair speed, especially in some cases of improved propellor design.

Mr. LARSON: Are they new ships?

Mr. CLYNE: These are ships that were all built since 1942. They would be less than eight years old.

Mr. LARSON: They are all Canadian ships?

Mr. CLYNE: They are all Canadian ships.

The CHAIRMAN: Are there any further questions?

The CHAIRMAN: Triton Steamship Company Limited \$1,380,809.40.

Mr. CLYNE: Those ships originally sold for \$2,577,000; the amount outstanding at March 31, 1949, was \$1,380,000; and the amount which is presently outstanding is \$905,000.

Mr. MACDONNELL: You think they are in good shape?

Mr. CLYNE: I have made the same arrangements with that company as with Seaboard Owners Limited, and I am taking an assignment of their net earnings.

Mr. MACDONNELL: Is it a Canadian company?

Mr. CLYNE: These are all Canadian companies. The Triton Steamship Company Limited is controlled by the Goulandris Group.

Mr. MACDONNELL: And they operate it?

Mr. CLYNE: Yes, they operate it.

Mr. MACDONNELL: You have had a satisfactory reduction from \$1,380,000 to \$905,000?

Mr. CLYNE: Yes, and I feel that when we get the transfer to the United Kingdom registry—

Mr. MACDONNELL: Will that not have an effect on conditions of employment of personnel of the ship's companies?

Mr. CLYNE: Yes. The ships will be operated under British articles and presumably at British rates of pay.

Mr. MACDONNELL: Are they manned for the most part by Canadian or by British seamen?

Mr. CLYNE: The ships we are dealing with now have been manned by Canadian seamen; but when transferred, they will be manned by British seamen.

Mr. MACDONNELL: That seems to be the last item of \$1 million or over, Mr. Chairman.

The CHAIRMAN: Yes.

Mr. THOMAS: Can you tell us if any one of these companies mentioned here today are owners of these "Lake" ships?

Mr. CLYNE: No. The ships with the "Lake" names are owned by Western Canada Steamships Limited, and Western Canada Steamships Limited has paid its mortgage in full.

Mr. THOMAS: They are apparently dumping the biggest percentage of the ships. Some of them went to Greece.

Mr. CLYNE: They bought twenty and have sold eight ships. Of course when they sell ships they do not get the money. The money goes into a replacement fund.

Mr. THOMAS: I see.

Mr. CLYNE: And that money is held in a replacement fund to the owner's account, and it may be disbursed only with the consent of the commission by way of a replacement.

Mr. MACDONNELL: You mean that they would have the right to sell and replace. But would that not involve the expenditure of extra money on their part?

Mr. CLYNE: They can reduce the number of the fleet.

Mr. MACDONNELL: You mean company A with a fleet of 10 might sell two or three small ones and buy a big one?

Mr. CLYNE: They would probably have to sell two or three big ones to buy another big one.

Mr. MACDONNELL: Subject to your approval?

Mr. CLYNE: Yes.

A MEMBER: Once a ship is paid for, they can do whatever they like?

Mr. CLYNE: No. They can only sell to a foreign owner with the consent of the government.

Mr. THOMAS: Were these ships which Western Canada Steamships has been selling sold to companies of Greek registry or companies of British registry?

Mr. CLYNE: My recollection is that most of the ships were sold to companies of Panamanian registry, but I think that in the majority of cases the purchasers were Greek.

Mr. MACDONNELL: From what you said, my understanding is that these ships, in each case, were sold to a corporation formed for the purpose of owning these ships. In other words, the only asset we have, the only thing which stands behind the contracts into which we have entered is the ship covered by the contract in each case.

Mr. CLYNE: When you are dealing with these particular companies; but I would say that it does not apply to all of them. Saguenay Terminals Limited certainly has considerable assets, and there were ships sold to other owners who have substantial assets. We are of course only dealing with eight companies at the moment, but the total number of companies which have purchased ships is 94. That is the total number of purchasing companies. Some of the other companies are well established companies.

Mr. MACDONNELL: I was referring to those we have had before us here today.

Mr. CLYNE: With the exception of Saguenay Terminals Limited, I think that is correct.

Mr. MACDONNELL: Do you feel that these transactions are in good shape?

Mr. CLYNE: I think they are in good shape and I think I can say that I feel certain that we shall be able to collect all the money that is outstanding in these cases.

Mr. FRASER: Since their sale have any of these ships received any assistance or subsidy from the government?

Mr. CLYNE: None whatsoever. You mean any ship that has been resold?

Mr. FRASER: Yes.

Mr. CLYNE: No.

Mr. FRASER: They have not had any help at all?

Mr. CLYNE: No.

The CHAIRMAN: Does that dispose of the questions?

Mr. MACDONNELL: I have no other questions on this item, Mr. Chairman.

The CHAIRMAN: Does that dispose of the agreement we made to take these test spots, I mean to take all the big amounts as we agreed at the previous meeting?

Mr. MACDONNELL: I cannot answer your question, Mr. Chairman, because I was not at the meeting. I tried to get the record of it.



The CHAIRMAN: It was held in camera, Mr. Macdonnell. Instead of sitting as a steering committee, I brought the matter before the whole committee and it was agreed that when we came to the subject of the \$41 million we would limit our questions to items above \$1 million.

Mr. MACDONNELL: That was my understanding.

The CHAIRMAN: Is our work on these items finished?

Mr. FRASER: We do not intend to go into these other matters such as the Canadian Car and Foundry Company Limited.

The CHAIRMAN: You do not. You are satisfied, then. I think this clears up this further part of our work and I think I shall call a meeting later on to approve the other reports which are under consideration. That would wind up the work of the committee so far as this year is concerned.

Mr. MACDONNELL: I do not know. I think there was a long list prepared by Mr. Bryce.

The CHAIRMAN: We agreed at this late date of the session, to limit the work we should do to what we could examine thoroughly in a limited number of sittings, not more than three. We have already had two. I think that clears up the work so far as these items are concerned and our work at this advanced stage of the session. I think we shall need at least two more meetings of the committee in camera to consider the reports which I have drafted and which I am re-polishing. That would mean the winding up of the committee about the middle of next week. We can take up our work again next year. I do not know whether I shall be elected as chairman, but if I am, as I have said before, I have agreed that we take up the Public Accounts and determine in the committee which departments we should go into. But so far as this year is concerned, I think that winds up our actual investigation work. I thank you gentlemen for your co-operation in this last public meeting. I shall be meeting you later in our meetings which will be held in camera.

The committee adjourned.



















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